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World Business Newspaper http://www.FT.com WEEKEND SEPTEMBER 7/SEPTEMBER 8 1996



INSIDE TODAY'S WEEKEND FT Too haute to handle? The 48-page autumn issue of How to Spend It magazine

Lebed urges Yeltsin to step down for surgery

By Chrystia Freedland in Moscow... political newcomer may have reached an understanding with Mr Chernomyrdin... Mr Alexander Lebed, the Russian security chief, yesterday said President Boris Yeltsin should formally hand over power to his prime minister before undergoing heart surgery later this month.



Russian security chief Alexander Lebed, surrounded by bodyguards, arrives in Shail, Chechnya, yesterday. Picture: AP

Clinton campaign receives boost from jobless total

The US unemployment rate dropped from 5.4 per cent in July to 5.1 per cent in August, giving President Bill Clinton new evidence that the economy is "on the right track".

Olivetti defends interim results

Olivetti released a statement defending its half-year accounts following allegations that the Italian information technology company had published misleading interim figures.

Summit on expanding Nato

President Bill Clinton and other western leaders will hold a summit next spring or summer to decide formally on enlarging Nato and a new relationship with Russia based on a formal charter.

Mr Copper faces lawsuit

Sumitomo Corporation, the Japanese trading house, is preparing a civil law suit against Mr Yasuo Hamanaka, its former copper trader whose activities on the London Metal Exchange led to losses of more than \$1.5bn.

First Austrian Savings Bank

threw the privatisation of Creditanstalt, Austria's best known bank, into turmoil when it left the consortium bidding for the Austrian government's majority stake.

London stocks rally after sharp fall

The FT-SE 100 index rallied after falling more than 80 points to close up 5.8 at 3,898.0.

Axa buys outstanding shares

French-based insurer Axa paid FF5.9bn (\$1.2bn) to acquire the 10.8 per cent of its outstanding shares held by Italian insurer Generali.

Daiichi's largest retailer

has cut its full-year earnings forecast by half to ¥15bn (\$110m) following the recent food poisoning epidemic which depressed sales of vegetables and meat.

Taiwan lawmaker admits link

between national legislature member, Lo Fu-shan, and admitted he is the "spiritual head" of the Heavenly Path Alliance one of the country's biggest gangs.

Hurricane Fran kills 12

weakened into a tropical storm after killing at least 12 people and causing millions of dollars in damage. The storm crossed the North Carolina coast at Cape Fear with top winds of 115mph (185kph) submerging beach towns, ripping roofs off buildings and washing away boats.

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Companies in this issue: Adrenax, BP, Berjaya, Canal Plus, Ford, Hyundai, Hyundai, Morgan Grenfell

France set to allow private pensions

The French government is poised to announce tax deductions for savers that will open the way to creating a large number of individual private pensions for the first time.

Canal Plus in pay-TV merger with NetHold

The battle for the future of the European pay television market intensified yesterday when Canal-Plus, the subscription TV pioneer, announced plans to merge with the European interests of NetHold.

Morgan Grenfell faces cash claim

Morgan Grenfell, the troubled fund management company, was seeking itself for a substantial compensation claim from 90,000 investors after a Big Six accountancy firm was yesterday called in to value three funds suspended this week.

France set to allow private pensions

The details emerged after Mr Alain Juppé, prime minister, announced a package of tax reforms on Thursday that would include incentives for those seeking top-up pensions in addition to their state benefits, but provided little additional information.

Table with columns: FT-SE 100, FT-SE 100 Index, FT-SE 100 Share, Nikkei, New York S&P 500, Dow Jones Ind. Ave, S & P Composite, US LUNCHTIME RATES, 3-m Treasury Bill, Long Bond, Yield, NORTH SEA OIL, Brent Data, LONDON MONEY, 3-Mo Interbank, Life long gdt, STERLING, New York Lira/DM, London, DOLLAR, New York Lira/DM, DM, FF, SF, Y, Tokyo close Y 108.25

Table with columns: Contents, Man in the News, International News, UK News, Weather, Law, Politics, Leader Page, Letters, Gold Markets, Equity Options, London SE, LSE Database, Managed Funds, Money Markets, Recent Issues, Share Information, World Commodities, Wall Street, Sources, Weekend FT, Section 1

ASIAN CURRENCY AND BOND FUND. YOUR CASE IS NOT BEING HANDLED IN ASIA. Guinness Flight's Asian Currency and Bond Fund allows investors to share in the growth and rising prosperity of the Asia Pacific region, without the higher risk levels associated with Asian equity markets.

NEWS: INTERNATIONAL

Tax cuts seem unlikely to boost GDP or consumer spending sharply
No quick growth fix for Paris

By David Owen in Paris

Mr Alain Juppé, the French prime minister, scored high marks on Thursday night for the polish of his television performance.

But there were few indications yesterday that the hefty income tax cuts he unveiled would send economists scurrying away to rework their economic growth forecasts in hopes of an upsurge in consumer spending.

In an announcement originally planned for next week, Mr Juppé said FF75bn (\$14.8bn) would be cut from income tax over the next five years, with taxpayers receiving a third of the reduction next year.

He said the top rate of tax would be brought down from 58.5 per cent to 47 per cent over the same period.

France needed to give "additional purchasing power to all of those who are holding back from spending or investing".

But after an eight-day period that has brought a flurry of important economic statistics, in particular the unwelcome news that gross



Juppé (left): good news and bad news

domestic product fell by 0.4 per cent in the second quarter, as well as the tax package, economists were sticking to their existing GDP forecasts.

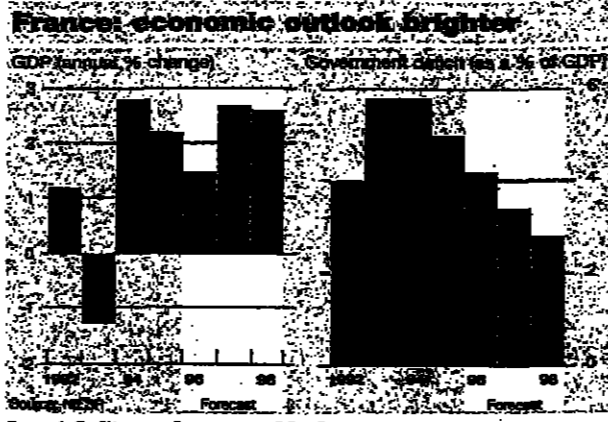
These were generally somewhat below the government's own forecasts for economic growth of 1.3 per cent for 1996 and about 2.3 per cent for 1997.

According to Mr David Naudé, a Paris-based economist with J.P. Morgan, which is forecasting growth of 0.9 per cent in 1996 and 1.5

per cent in 1997. Mr Juppé's tax package was "not much of a stimulus". He said: "What the government is after rather than a stimulus to consumption is a boost in confidence."

Mr Eric Chaney, senior economist with Morgan Stanley, said he did not "share the view that tax cuts will boost consumption".

If France's second-quarter performance was found disappointing, many economists expect a rebound in the current quarter. But this would be partly because



of the impact of a government incentive scheme for new car buyers that is scheduled to end on September 30.

There are strong indications that consumers are bringing forward their new car purchases to take advantage of this scheme, which is prompting concern, in turn, that any third-quarter upturn would not continue into the final quarter.

"The stronger growth is in the third quarter, the more mediocre it will be in the

fourth," said Mr Serge Le Gal, an economist with the Caisse des Dépôts et Consignations, a state-controlled financial institution.

Such sentiments are confirmed, the highly uneven pattern of growth that France has experienced since the strike-hit final quarter of last year looks set to continue.

Economists are becoming less optimistic about the government's ability to cut its 1997 general financial deficit to 3 per cent of GDP

in line with the Maastricht convergence criteria for monetary union.

This follows yesterday's confirmation by Mr Jean Arthuis, finance minister, that a FF37.5bn payment the state is to receive from France Télécom would be taken into account in 1997 for the purposes of the Maastricht arithmetic.

By most calculations, the effect of this payment, in return for the transfer of pension liabilities, would be to reduce the deficit to GDP ratio by about 0.4 percentage points from previous expectations.

This is likely to result in the revising down of economists' 1997 deficit predictions from a range of 3.5-3.7 per cent of GDP to something more like 3.1-3.3 per cent, depending on the detail of the 1997 budget, due to be unveiled later this month.

Many economists then believe that by resorting to other "exceptional factors" - a levy on certain state-owned institutions being one possibility - the government could actually hit the 3 per cent Maastricht target.

Heart-to-heart with Kohl for ailing Yeltsin

By Christia Freeland in Moscow and Michael Lindemann in Bonn

When most of the world was still speculating about the state of Russian President Boris Yeltsin's health, German Chancellor Helmut Kohl was a close enough friend to offer medical assistance in his own country.

Although the guessing game has now ended, and the help was turned down, today's impromptu meeting between the Russian and German leaders will be a further demonstration of the increasingly intimate links between Moscow and Bonn.

Coming just two days after Mr Yeltsin's bombshell announcement that he will undergo heart surgery some time this month - patriotically opting for Russian surgeons and a Russian hospital - the sum-

mit takes place at what could be a crucial moment in Russia's political development.

On the banks of the Rhine and the Moskva, Mr Kohl's hastily arranged visit is officially being billed as an opportunity for two "old friends" to hold one of their regular tete-a-tetes.

That warm description, laced with talk of the sauna they once shared, is a sign of the special relationship between Europe's senior statesman and Mr Yeltsin, a leader so elusive of late that his own top aides have been refused meetings.

But Mr Kohl's steadfast support of his Russian counterpart over the past five years - including a loan this spring now credited with keeping the Russian economy afloat - has earned him unique access to the Kremlin.

According to Mr Dmitry Ruzikov, the president's foreign policy

adviser, Mr Kohl will use his rare audience with Mr Yeltsin to discuss a wide range of issues, during talks of up to five hours.

Heading the agenda are such subjects as the eastern enlargement of Nato, an extremely sensitive process which enters a crucial phase this autumn. Russia and Germany have been feeling their way forward on this issue already this week during a two-day visit by Mr Yevgeny Primakov, Russian foreign minister, who undoubtedly impressed his counterparts in Bonn when he referred to Germany as a "world power".

Other topics include ways of stimulating German investment in Russia's still sluggish economy, and the US air strikes against Iraq this week, a move which met vociferous Russian opposition.

Another reason for the visit, German observers suggest, is that the

two leaders will be able to talk more openly to each other now that the Russian presidential elections are over and the fighting in Chechnya has apparently ended.

"A whole number of excuses have fallen away why one could not talk properly about a range of things," one official said.

That the air has cleared somewhat was also underscored by Mr Primakov's announcement this week that President Roman Herzog of Germany will also make a state visit to Russia in the near future.

Moscow analysts, however, are united in their assumption that the official agenda for today's meeting is merely a guise for Mr Kohl's real purpose: to judge Mr Yeltsin's physical condition personally.

The German chancellor will travel 100km outside Moscow to visit Mr Yeltsin at his holiday residence, Rus, and will be the first

western official to see him face-to-face since early July, when Mr Al Gore, the US vice president, had a brief meeting with him.

Moscow pundits say these special circumstances have given the German chancellor a new role in Russian political life. Not only is he the Kremlin's best friend in the west, one Russian newspaper this week compared him to writer Nikolai Gogol's famous and all-powerful government inspector.

This man's impending visit both excites and terrifies a provincial Russian town, which is torn between the official, who favours the inspector, may distribute and fears that he might reveal some dangerous local dirty secrets.

It is just the sort of ambivalent feeling Russian officials are likely to experience today, when they usher Mr Kohl in to meet their ailing president.

INTERNATIONAL NEWS DIGEST

Tokyo rates to stay low

Mr Yasuo Matsuura, governor of the Bank of Japan, indicated yesterday that Japanese interest rates would be kept low, in the wake of another week of unimpressive economic data.

The central bank would continue to "put priority on solidifying the recovery base", he said. Earlier, the government's Economic Planning Agency - in its monthly report - described the pace of recovery as "mild".

This was unchanged from its assessment last month, though it fell short of registering a decline in confidence, as shown in the Bank of Japan's August survey of business conditions.

In response, Tokyo share prices fell by 1.12 per cent, ending a three-day rise. The decline was partly prompted by uncertainty over an imminent general election.

The EPA report said the labour market remained weak, with unemployment at 3.4 per cent, just below a record high of 3.5 per cent in June. Corporate capital investment was improving, but there was "a long way to go before we have a sustained recovery", led by private sector demand.

The EPA cited a decline in semiconductor companies' investment plans as a concern, while retail sales declined in the summer because of an epidemic of food poisoning. Supermarket sales fell by 2.5 per cent in July and August, and department stores were down by 2.9 per cent. There was a modest rise in industrial production, but the EPA did not see any further improvement in the pace of output growth.

Russian tax plan dropped

Russian President Boris Yeltsin yesterday backed down from a controversial proposal that sought to boost lagging budget revenues by taxing personal bank deposits and withdrawing the presidential decree, which was signed last month, will appease the Russian business community.

The Kremlin had come under fierce attack for reverting to crude Soviet-style economic management. Many businessmen worried that the vague new rules would prompt a run on bank deposits and drive capital underground into the black economy.

Mr Alexander Livshits, the finance minister, came up with the measures to clamp down on rampant tax evasion, which has put Russia's loan agreements with the International Monetary Fund in jeopardy.

But Mr Livshits this week was overruled by the presidential chief of staff, Mr Apolloly Chubais, and the young deputy prime minister for the economy, Mr Vladimir Potanin.

HK chief justice resigns

Sir Ti Liang Yang yesterday stepped down from his role as Hong Kong's chief justice in advance of his battle to secure the post of the territory's first chief executive after Hong Kong reverts to China's sovereignty on July 1 next year.

In a letter to the governor, Sir Ti Liang said that constitutional propriety prompted him to relinquish the post after he decided to accept nomination for the top slot after the sovereignty handover.

Legislators welcomed his decision, seeing his canvassing comments at odds with his leading role in the British-style independent judiciary. His resignation, which follows 40 years of service to the judiciary, will not take effect for another two months, because of accrued leave entitlement.

Mr Justice Power, the acting chief justice, regretted his departure, but avoided mentioning the contest which precipitated it.

Brazil plans mining sell-off

The Brazilian government has outlined plans for the sale of mining giant Companhia Vale do Rio Doce (CVRD), expected to be Latin America's biggest privatisation.

The government plans to sell a "strategic block" of between 40 per cent and 45 per cent of CVRD's ordinary shares in February 1997.

This will be followed immediately by an offer to employees of 10 per cent of the company's total capital (including 6.1 per cent of ordinary shares).

A further 17 to 20 per cent of ordinary shares will be sold on Brazilian and overseas capital markets, probably by June 1997.

The sale prospectus is expected to be published by the end of September. The government said no minimum price would be set until 60 days before the first stage of the sale as the company's value could be affected by tax changes now passing through congress.

The value of the entire company is estimated at \$10bn to \$12bn. The first block of ordinary shares will be sold to a special company of which no shareholder may control more than 45 per cent.

Jonathan Wheatley, São Paulo

India bans chemical weapons

India has formally ratified a convention banning the development, production and use of chemical weapons.

The Netherlands-based Organisation for the Prohibition of Chemical Weapons said this brought the number of ratifications to 62.

The convention, the first multilateral agreement to eliminate an entire category of weapons, comes into force 180 days after the 65th ratification.

India possesses a significant chemical industry and its ratification is of special significance in the context of the entry into force of the convention, the organisation said.

Some 160 countries signed the convention in January 1993, but ratifications have been slow to follow.

The organisation says that ratification by the US and Russia, with declared chemical weapons stocks of 70,000 tonnes between them, is crucial.

The US Senate decided in June to vote on ratification of the convention by September 14. Russia is expected to follow suit.

Reuter, The Hague

WEEKEND BUSINESS

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Nato summit to go ahead

By Wolfgang Münchau and Bruce Clark in London

President Bill Clinton and other western leaders will hold a summit next spring or summer to decide formally on the eastwards enlargement of Nato, Mr Warren Christopher, the US secretary of state, announced yesterday.

Mr Christopher also proposed a "fundamentally new relationship" between Russia and Nato, based on a formal charter, and voiced confidence that Moscow's objections to the expansion of Nato could be overcome.

The secretary of state, speaking in Stuttgart, said the integration of central and eastern Europe into the continent's new security framework was a project comparable in scope to the establishment of democracy in postwar Germany.

Nato leaders agreed on the principle of enlargement at a summit in January 1994, but since then they have deferred moves to name specific countries and timetable, partly in the hope of gradually persuading Russia to drop its objections.

Mr Christopher said the objective of the summit would be to "agree on Nato's internal reforms, launch enlargement negotiations and deepen Nato's partnership".

Poland, Hungary and the Czech Republic are considered the prime candidates for membership of Nato. Mr Volker Rühle, the German defence minister, has said he would like to see the first new members admitted by the year 2000.

"Nato enlargement is on track and it will happen," he said, reaffirming Washington's insistence that the alliance is morally obliged to take in new members, without Russia's consent if necessary.

Spelling out his wish for a more formal Russia-Nato relationship, he told his German audience: "We want to work with you to bring Russia into the family of democracies."

Bildt plans for civilian Bosnia

By Caroline Southey in Brussels and Laura Silber in Belgrade

Mr Carl Bildt, the senior international envoy to Bosnia, yesterday set out an ambitious post-election strategy designed to cement civilian rule as quickly as possible after Bosnian elections on September 14.

His plan comes as the same nationalist parties, which waged war on one another for four years seem set to win the country's first post-war ballot.

Mr Bildt, who is responsible for the civilian aspects of the Dayton peace agreement, said it was vital to go for "quick implementation" of the complex deal struck last November aimed at uniting Bosnia's two halves, the Muslim-Croat Federation and the Bosnian Serb entity, in a loose union.

His plan includes bringing together the newly-elected Muslim, Serb and Croat representatives to the three-member rotating Bosnian presidency four days after the poll results are certified, and holding a first sitting of the house within days.

The functioning of the presidency and the Bosnian national assembly are vital for the war-torn country's future prospects.

In addition, the new government will be presented with 10 draft laws and a draft budget drawn up by experts, including the International Monetary Fund, the World Bank and EU member state treasurers. Their package - which covers external trade, the central bank, currency, customs tariffs, citizenship and passports - will be ready for presentation for the first sitting of the house.

Mr Bildt also hopes decisions will be taken a month after the poll on setting up a council of ministers, central bank and high court.

Elections are going ahead next week in spite of the absence of political freedom in much of the country. All three sides have blocked Bosnia's 2m refugees from returning to their homes, part of the Dayton accord.

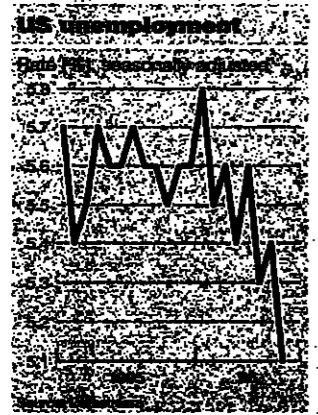
مكتبات الامم المتحدة



# Relief on Wall Street over new jobs figures

By Nancy Dunne in Washington

The US unemployment rate dropped from 5.4 per cent in July to 5.1 per cent in August, providing President Bill Clinton with new evidence to make his case that the US economy is "on the right track".



climb and by early afternoon the 30-year Treasury had added nearly half a point to yield 7.107 per cent. The Dow Jones Industrial Average was up 49.94 at 5,666.99 at 1pm.

# Indian herb trick 'turns water into kerosene'

By Mark Nicholson in New Delhi

A young, unemployed south Indian has flummoxed India's top government scientists by demonstrating an apparently simple recipe for producing a kerosene-like fuel by boiling a "mystery" herb in water.

Mr Pillai believes his "wonder herb", as India's press dubbed it, could be a modern equivalent of the Philosopher's Stone, the mythical alchemic substance supposed to turn base metals into gold.

"We have no doubt we are sitting on something very big," said Mr Valangman Ramamurthi, India's top science bureaucrat.

The Indian Institute of Technology in Delhi who staged the experiment. Watching scientists professed little idea how or why the process worked, but said it conclusively produced "a clear oil separation in substantial quantities".

named, given the "explosive" nature of the potential discovery. "There was no magic about it at all."

experimenting with the herb before writing to the prime minister seeking help in exploiting his find.

# Court reopens SA constitution wounds

By Roger Matthews in Johannesburg

Parts of the new South African constitution, which took two years to negotiate, were rejected by the Constitutional Court yesterday, reopening the acrimonious debate over the relative powers of central government and the nine provinces.

been at the heart of the bitter and often bloody conflict between the ruling African National Congress and the Inkatha Freedom party (IFP), headed by Chief Mangosuthu Buthelezi, which controls the government in KwaZulu-Natal.

year to meet the objections of the court, placing further burdens on an already heavy legislative programme.

# Clinton consolidates lead in opinion polls

By Jurak Martin in Washington

President Bill Clinton's lead over Mr Bob Dole, his Republican opponent, appears to have settled down into the mid-teen range largely because of public confidence in his management of an improved economy.

and Mr Ross Perot of the Reform Party 8 per cent, while the Washington Post/ABC split was 51-39-8. A Reuters poll, which had consistently put Mr Dole ahead of the president, now has the margins at 48-38-4.

# Hyundai, Renault in Malaysia venture

By James Kyng in Kuala Lumpur

Three Malaysian companies yesterday formed a joint venture with the French car maker Renault and South Korea's Hyundai to manufacture vans and light trucks.

Ms Rafidah Aziz, the minister of international trade and industry, said the government supported the venture, which plans to start production late next year in Kedah, the northern state where Mr Mahathir Mohammed the prime minister, grew up.

South Africa's constitutional affairs minister Mr Valli Moosa handed down by the court yesterday. Some parts of the constitution will now have to be renegotiated.

# 'Mr Copper' may face civil law suit in Japan

By Emiko Terazono in Tokyo

Sumitomo Corporation, the Japanese trading house, is preparing a civil law suit against Mr Yasuo Hamanaka, its former copper trader whose activities on the London Metal Exchange led to losses of more than \$1.8bn.

This will suit the company, which is trying to forget the case. Although some in the copper industry and even Japanese government officials closely watching the world's copper markets have known of Mr Hamanaka's massive long copper positions, Sumitomo has claimed they were unauthorised and denied any knowledge, saying they were hidden in a "devious and complicated" manner.

little attention to the resignation over a sex scandal of Mr Dick Morris, his political strategist.

While the polls were complimentary about Mr Dole's character, the magnitude of his task was also made clear in the latest compilation of state polls published by The Hotline, a political newsletter.

The vehicles will be made at a M\$150m (US\$60.2m) factory due to be completed at the end of this year, with a capacity of 20,000 vehicles a year. This could be expanded to 40,000 vehicles later but the factory is expected to produce only 3,000 in its first year.

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NEWS: UK

# Islamic fundamentalists call off rally

By James Blitz in London and Sean Evers in Cairo

A group of Islamic fundamentalists yesterday cancelled a controversial London rally after admitting that it could not provide adequate security.

In a move greeted with relief in Whitehall and by Middle East governments, the organisers of the "Rally for Revival" unexpectedly scrapped the event due to take place tomorrow. They said it would have been the focus for protests by

UK pressure groups. Mr Anjem Choudhry, spokesman for the al-Muhajiroun party, said his group cancelled the meeting for 7,000 Islamic fundamentalists at the London Arena, in the Docklands area of east London, after the organisation received bomb threats.

"There has been an adverse press campaign, and demonstrations were planned outside the arena by the gay rights group Outrage, by Hindu groups, by Jewish groups and by the [extreme right-wing] National Front," he said. "In nego-

tiations with London Arena it was felt that the security implications were such that it would be better to cancel the conference."

Al-Muhajiroun is a new political party whose leader, Sheikh Omar Bakri Muhammad, called for support earlier this year for Hamas, the Palestinian fundamentalist organisation that has carried out bombings in Israel.

The UK Home Office yesterday said it had put no pressure on the London Arena or al-Muhajiroun to cancel the rally. The UK govern-

ment has argued that it has no power to ban such events.

Some organisations associated with the rally expressed surprise at the cancellation. It is understood that the group was being asked by the London Arena to pay several thousand pounds to provide extra security and that this would have added 25 per cent to the cost of holding the rally.

One source close to the event suggested it had been cancelled because the UK government refused to give entry visas to a

number of speakers billed on pre-event advertising.

Earlier this week, the Home Office issued a strongly worded warning to the rally's organisers that police would closely monitor the conference, and that any statements made in support of terrorism or racism would violate British law and lead to prosecutions.

President Hosni Mubarak of Egypt had said he was surprised at the holding of such a conference, "which will include many who encourage terrorism".

# Symbols leave mark on Irish peace process

Increased rivalry follows summer of unrest

After the summer of unrest, the Northern Ireland Forum resumed yesterday with politicians arguing about whether the Union Jack should fly over the conference building.

To the outsider, there might seem more pressing business. But amid the heightened tensions brought on by this summer's marching disputes, such symbols have become a renewed focus for rivalry between unionists and nationalists.

Local papers are full of current cases involving such rivalry. Nationalists removed a portrait of the Queen removed from one of Belfast council's cleaning services depots. A local bank refused to accept a customer's Irish passport as a means of identification.

In one of the more bizarre incidents, the BBC in Northern Ireland issued a memo instructing reporters to refer to Mr John Bruton not as the Taoiseach, as he is officially called in the Irish

Republic, but as the Irish prime minister. The sectarian turf war has even made its mark on the Belfast law society, with new QCs for the first time not required to swear an oath of allegiance to the Queen - a practice which disappeared in mainland UK several decades ago.

With north Belfast engulfed in street battles earlier this week, and with sectarian violence even threatening the Northern Ireland soccer programme, businessmen and local councillors say community relations are at a new low.

Officials at the Fair Employment Commission, set up to counter anti-Catholic work practices, believe the tensions are reflected in a noticeable increase in sectarian harassment claims.

Although rarely enforced today, Northern Ireland's 1950s Flags and Emblems Act prevents public displays of the Irish Tricolour. Under 1988 fair employment legislation it is illegal for any company to hang "flags,

emblems, posters or graffiti" in the workplace - creating the so-called "neutral work environment".

The Community Relations Council is currently touring with an exhibition of Ulster memorabilia, designed by Ms Rhonda Paisley, daughter of the hardline unionist politician - in part to show local people that it is not just the Irish who are hung up about symbols.

Mr Billy Robinson, who runs a trade union project aimed at increasing cultural awareness, says there is an honourable tradition in Northern Ireland "to drive out of your way just to be insulted". He says fair employment and public order legislation has all but dealt with the flags issue, but it is now the smaller emblems - the lapel badges, the Remembrance Day poppy, the tattoos, even the newspaper you read.

Mr Bob Cooper, chairman of the Fair Employment Commission, is more optimistic. He says 10 years ago



Rest in peace: a paraunitary funeral yesterday at St Peter's Cathedral, west Belfast

it was the tradition for workers at northern Ireland's large engineering firms to festoon their machine tools with Union Jacks and other "unionist" bunting during the July 12 celebrations commemorating Protestant defeat of Roman Catholics at the Battle of the Boyne in 1690. Mr Alec McRitchie, personal director at Shorts, the Canadian-owned aerospace company, says in 1987 the

company faced a workers' lock out when it moved to end the practice. Shorts is again in the spotlight, having been ordered to pay £10,000 to a former Roman Catholic employee who complained about a workmate who wore a Glasgow Rangers Scottish football club shirt under his overalls - Rangers is identified as a Protestant club, just as its near rival club

Glasgow Celtic is identified as Roman Catholic. The case, the first of its kind, may lead other employers to ban all sportswear. Shorts is preparing a new, much stricter, dress code on what cannot be worn, which officials say could even include Keshoka, the training shoes which carry a Union Jack design.

John Murray Brown

# Adtranz wins breakthrough train order

By Charles Batchelor, Transport Correspondent

The first UK order for new trains in nearly three years has been won by ABB-Daimler Benz Transportation (Adtranz), the international rolling stock manufacturer.

The order represents the first sign that the gap in new train orders resulting from uncertainty caused by privatisation of the national rail network is coming to an end.

The order, for 13 diesel-powered express trains, has been placed by Chiltern Railways, which runs services between London Marylebone and Birmingham, the second largest city in England.

M40 Trains, a management buy-out company, was awarded a seven-year franchise to run Chiltern Railways in June. The management team has the backing of John Laing, the construction group, and 3i, the development capital

company. The trains will be built at Adtranz's main UK manufacturing plant in the Midlands city of Derby and is expected to create more than 100 jobs.

The Chiltern trains are expected to be leased through Porterbrook, one of the three rolling stock leasing companies set up when British Rail's train fleet was privatised.

Porterbrook is the subject of an £285m (£1,297m) agreed takeover bid from Stagecoach, the bus group which has acquired a franchise for South West Trains.

The government, which has been strongly criticised by the opposition parties for allowing the contraction of the UK rolling stock industry, is keen to be associated with the first train order. Mr John Watts, minister for rail and roads, is to attend the ceremony next week at which the

Chiltern order will be announced. Adtranz is also expected to announce a large order to supply trains for the Bangkok metro within the next few weeks.

This order, won jointly with Siemens of Germany, is to be placed by Hopewell Holdings, a Hong Kong group which is building a 60km elevated light rail system in the Thai capital.

The trains, in "flat-pack" form, will be built in Derby.

# Central bank in private Emu study

By Gillian Tett, Economics Correspondent

The Bank of England - the UK central bank - is conducting a series of internal studies to assess the impact on the City of London if the country stays outside European Monetary Union, it has emerged.

The research includes an examination of options for the City if countries outside the future single currency are denied equal access to a future European Union payments system, known as Target.

The Bank is reluctant to become involved in any political debate about the merits of the UK joining Emu. Consequently, some UK officials are keen to ensure that the Bank's current research remains private.

However, other officials have suggested that the findings should be made public to reassure the City that the Bank is taking the preparations for Emu seriously.

The research comes amid growing concern in the City about the possible impact of Target. France and Germany are insisting that countries outside Emu should have limited access to Target.

The British Bankers Association yesterday stepped into the debate and insisted that the City would not be disadvantaged if it decided to stay outside Emu.

Mr Tim Sweeney, director-general of the association said: "Even if UK access to Target is restricted, there are other avenues available for achieving interbank settlement."

Mr Sweeney added: "Continental markets have an interest in running down London, so it is hardly surprising if they suggest that we are confused about Emu. It makes little sense to flagellate either the Treasury, the Bank of England or the banks."

# Ford hit hard in gloom over car registrations

By Haig Simonian, Motor Industry Correspondent

In a disappointing month for new car registrations, market leader Ford's share slipped heavily to 18.7 per cent - on a fall in sales of almost 12 per cent - while Vauxhall/Opel also lost market share and sales. The biggest winners for August were Peugeot-Citroen, Renault and Volkswagen, while Korean brands continued to perform strongly among smaller carmakers.

Total new car registrations last month rose by a disappointing 2.2 per cent year-on-year. The figure confounded carmakers' hopes of a sales boom on the back of rising consumer confidence.

There were 478,407 registrations compared with 468,945 in August 1995. Last month's increase was, in percentage terms, one of the lowest in recent months and followed a 5.5 per cent rise in sales in the first seven months of 1996.

August is traditionally the strongest selling period, accounting for about a quarter of annual sales, because it is the month which introduces the annual registration plate prefix - motorists rush to own the first cars with the new letter.

However the proportion of sales to private motorists, which dominate August registrations, remained unchanged at 57 per cent - identical to August 1995. Mr Philip Ayton, motor industry analyst at BZW, the investment bank, said: "The state of the economy is still not strong enough for private individuals to leap into car buying."

Mr Simon Sproule, a Ford spokesman, said the company had resisted pressures to boost sales by big fleet discounts or other ruses. Ways of "massaging" monthly sales are believed to be commonplace. "Whatever we might have done, or have been accused of doing in the past, we don't pre-register any vehicles," said Mr Sproule. Ford had also refused to boost its registrations by more than 10,000 cars last month by not competing with other manufacturers for sales to daily rental companies, he said.

# Imports boost share of car market

Registration	Volume	Change %	Share %	Share %
	Aug 1996	Aug 1995	Aug 1996	Aug 1995
Total market	478,407	+2.2	100.0	100.0
UK produced	178,137	-3.5	37.2	38.4
Imports	300,270	+6.0	62.8	61.6
Japanese firms	71,744	+11.2	15.0	13.4
Ford group	64,248	-1.4	13.4	13.7
Ford	39,680	-1.0	8.3	8.7
Jaguar	2,176	+7.9	0.5	0.4
General Motors	63,898	-4.5	13.3	14.3
Vauxhall	60,446	-6.0	12.6	13.7
Seat	3,469	+11.1	0.7	0.6
BMW group	64,248	+7.4	13.4	13.5
BMW	15,741	+2.0	3.3	3.3
Rover	48,105	+6.4	10.2	10.2
Peugeot group	58,834	+2.4	12.4	12.4
Peugeot	38,777	+5.7	8.1	8.1
Citroen	22,957	+2.4	4.8	4.8
Volkswagen group	41,320	+8.5	8.6	8.3
Volkswagen	27,894	+8.8	5.8	5.8
Audi	9,913	+0.8	2.1	2.1
SEAT	3,726	+3.2	0.8	0.8
Skoda	3,407	+1.1	0.7	0.7
Renault	22,518	+2.4	4.7	4.7
Nissan	30,195	+7.9	6.3	6.2
Flat group	21,501	+2.0	4.5	4.5
Flat	30,195	+7.9	6.3	6.2
Alfa Romeo	1,406	+0.8	0.3	0.3
Fujitsu	15,824	+7.8	3.3	3.3
Hyundai-Daewoo	7,012	+1.2	1.5	1.5
Honda	14,757	+7.2	3.1	3.1
Mazda	7,773	+3.5	1.6	1.6
Volvo	5,164	+2.1	1.1	1.1
Korean imports	10,279	+1.0	2.1	2.1

(Sales in brackets include company's) Includes buses and light four wheel drive utility vehicles. \*Includes new Ford and Sector Adition. Source: Society of Motor Manufacturers and Traders and Industry Observatory.

The Society of Motor Manufacturers and Traders, said the figures remained the second highest August sales on record. The peak was in August 1989, when more than 500,000 cars were registered.

New commercial vehicle registrations fell by 8.8 per cent year-on-year in August, John Griffiths writes. Statistics from the Society of Motor Manufacturers and Traders show that total

# Rise backs impression of upturn

One of the first official signs of an upturn in manufacturing emerged yesterday, after output rose in July. The Office for National Statistics said manufacturing production rose by a seasonally adjusted 0.5 per cent. This left the level of output in the three months to July identical to the previous three months. Although the upturn was small, it provided a hint that manufacturing output was no longer in recession.

Government statisticians also believe there are signs that the recent stock swings in manufacturing are easing. They expect little change in stock patterns in the third quarter. This should mean that any pick-up in demand should boost output.

Meanwhile UBS, the investment bank, predicted yesterday that house prices would show double-digit growth next year with London experiencing increases of up to 15 per cent. The Royal Institution of Chartered Surveyors said recently that house prices were stable or rising in all regions of England and Wales for the first time since the late 1980s.

Gillian Tett and Simon London

# Food store ties up with oil group

Safeway and BP yesterday unveiled plans to spend £100m (£155m) on a chain of 100 small supermarkets on petrol station forecourts in the biggest tie-up yet across the food and petrol retailing divide.

The joint venture, which could create up to 2,000 jobs, will allow customers to buy a broad range of food, fresh produce and groceries at petrol stations at supermarket prices.

The sites will be picked from 2,000 petrol stations after the merger of the BP's and Mobil's European retail businesses. The background to the joint venture is the fierce price war sparked by supermarket moves to sell petrol, which has forced specialist petrol retailers to make more productive use of their sites. A steady convergence between food and petrol retailing recently led RFL, the French oil group, to look at setting up its own supermarkets in city streets.

Mr Steve Webb, Safeway corporate development director, said collaborating with BP - rather than going it alone - should enable the group to achieve market leadership in the £2bn a year petrol forecourt retailing market within three years. Analysts estimate that sales, including petrol, at the sites could reach about £30m by 1999.

Chris Brown-Humes

# Sega set to launch theme park

Europe's first interactive theme park opens tomorrow, after a £50m (£75m) investment between Sega Enterprises, one of Japan's largest computer games groups, and Trocadero, the UK-based leisure company.

Segaworld will be based in the centre of London at Piccadilly. Built on seven floors, Segaworld will dominate the Trocadero centre, the retail and entertainment centre bought in 1994 by Balfour Holdings, the property company, which spun off Trocadero as an independent leisure company last year.

Segaworld expects to attract 1.75m visitors in its first year and hopes they will spend an average of £15 a head. Sega, which already operates two similar theme parks in Tokyo, is to open a fourth in Sydney next year and plans further expansion.

Scheherazade Daneshkhu

It's not just stocks and shares that go up and down in The City.

Air UK now fly from London City Airport to Amsterdam and Edinburgh.

AirUK A MORE INTELLIGENT APPROACH.



COMPANIES AND FINANCE

First Austrian leaves Creditanstalt bidding group

By William Hall in Vienna

The privatisation of Creditanstalt, Austria's best known bank, was thrown into turmoil yesterday when First Austrian Savings Bank left the consortium bidding for the Austrian government's majority stake.

EA-Generali, the Austrian-Italian insurance company which has been trying to put together a consortium to buy the Austrian government's 19.9m Creditanstalt

shares, said yesterday it still planned to make a bid in spite of First Austrian's last-minute decision to drop out. Creditanstalt's ordinary shares were suspended yesterday at Sch88.

The privatisation of Creditanstalt has been dragging on for more than five years. The Austrian government has become increasingly impatient with the delays, as it needs the money from its stake - valued at around Sch13bn (\$1.2bn) - to offset its budget deficit. Mr Viktor Klima,

the Austrian finance minister, had set a deadline of the end of August, which he later extended until midnight yesterday.

The delays are mainly blamed on the apparent insistence on finding an Austrian solution for the sale of the Austrian government's largest investment. Credit Suisse was one of a number of international banks which lost interest in bidding after it became clear the Austrian business establishment did not want control of the country's second-biggest bank

passing into foreign hands.

The only bidder to reveal its hand is the EA-Generali consortium, which includes Germany's Commerzbank Banca Commerciale Italiana, various Austrian regional banks with ties to Creditanstalt and several Austrian industrial companies. The consortium made a Sch7.2bn bid for part of the government's stake in May 1994, but this offer lapsed after a change of finance minister.

First Austrian Savings Bank was vital to the consortium

because it provided the only industrial logic for the bid. First Austria, which is less than half Creditanstalt's size, had offered to combine its business with that of Creditanstalt. This would have led to considerable cost-savings which would have increased its appeal to shareholders.

Creditanstalt's management appeared to support the idea of the creation of a joint holding company which would own all of Creditanstalt and all of First Austrian. However, First Austrian

was concerned it would lose its identity under this structure and withdrew from the consortium.

The continuing uncertainty over the government stake is damaging for Creditanstalt. It is occupying a lot of top management time when the bank is trying to restore its profitability and become a force in central European banking.

EA-Generali which has close ties with Creditanstalt, yesterday left the door open for First Austrian to rejoin the consortium.

Marston to sell Pedigree in US

By Roderick Oram, Consumer Industries Editor

Marston, Thompson & Evershed will soon launch its Pedigree bitter and four other beers in the US as the next phase of its strategy to out-grow its regional brewing roots.

"With the fantastic growth of microbreweries in the US, American consumers are wanting to understand more about beers," said Mr Michael Moles, export manager of the Burton-based brewer.

Marston, which began continental sales two years ago, hopes the US will help push exports to 7 per cent of output within three years.

Until 1992 Marston employed limited distribution of its cask conditioned ales produced in the sole surviving large-scale Burton Union brewing system. Then it built a bottling plant as the first step to broadening its customer base.

The bottles opened up the take-home market for Marston which now accounts for 7% per cent of its output. In addition, Whitbread cans Pedigree.

The bottles also made exports possible, with Sweden as the first market followed by Finland, France, Italy, Russia and Canada. Swedish volumes and brand recognition are now large enough to justify Marston's first exports of draught beer.

In the US market Marston will emphasise its traditional Burton Union brewing technique. "We won't make much money in the first year because we will plough back the money into brand building," said Mr Stephen Oliver, director of brewing and brands.

To expand its presence in the UK take-home market, Marston has begun distributing beers for three other brewers - George Bateman of Lincolnshire, Eldridge Pope of Dorset and Exmoor Ale. It is talking to other small brewers in the hope of expanding the list to five by the turn of the year.

North America lifts BLP

A buoyant second quarter by its North American subsidiaries helped BLP overcome difficult trading conditions in the UK and record a 20 per cent rise in pre-tax profits for the six months to June 30.

On sales of £17.4m (£15.5m), it made £202,000. Interest payable rose from £19,000 to £200,000.

The wood laminate, veneer and wrapped mouldings group, said: "The position in North America is encouraging both in terms of building market share and as margin initiatives begin to yield results." UK sales reduced marginally.

E-coli epidemic forces cut in forecast at Daiei

By Ennio Terazono in Tokyo

Daiei, Japan's largest retailer, has cut its full-year earnings forecast by half following the recent E-coli food poisoning epidemic which depressed sales of vegetables and meat.

Mr Issa Nakaguchi, chairman, said the epidemic would cost the company ¥2.5bn (\$23m) in lost net profits. The company also blamed bad weather for poor clothing sales, and the lower earnings on increased debts. The shares closed down ¥40 at ¥1,040, a low for the year.

In order to cover the earnings decline, the retailer announced it had raised ¥14.1bn by selling shares in Takashimaya, a leading department store, to Primitives Ginza, its wholly-

owned department store subsidiary - it also made ¥29.63bn on the sale of shares in five city banks on the Tokyo stock market during August. The net proceeds were ¥21.88bn. The company said revenues from the share sales would be used for restructuring, and to cover sluggish earnings.

Daiei cut its non-consolidated recurring profits forecast for the full year to February by 48 per cent to ¥13bn, and its sales projection from ¥2,600bn to ¥2,500bn. It expects to post net profits of ¥12bn, a 14.2 per cent drop from last year, and down from an initial projection of ¥14.5bn.

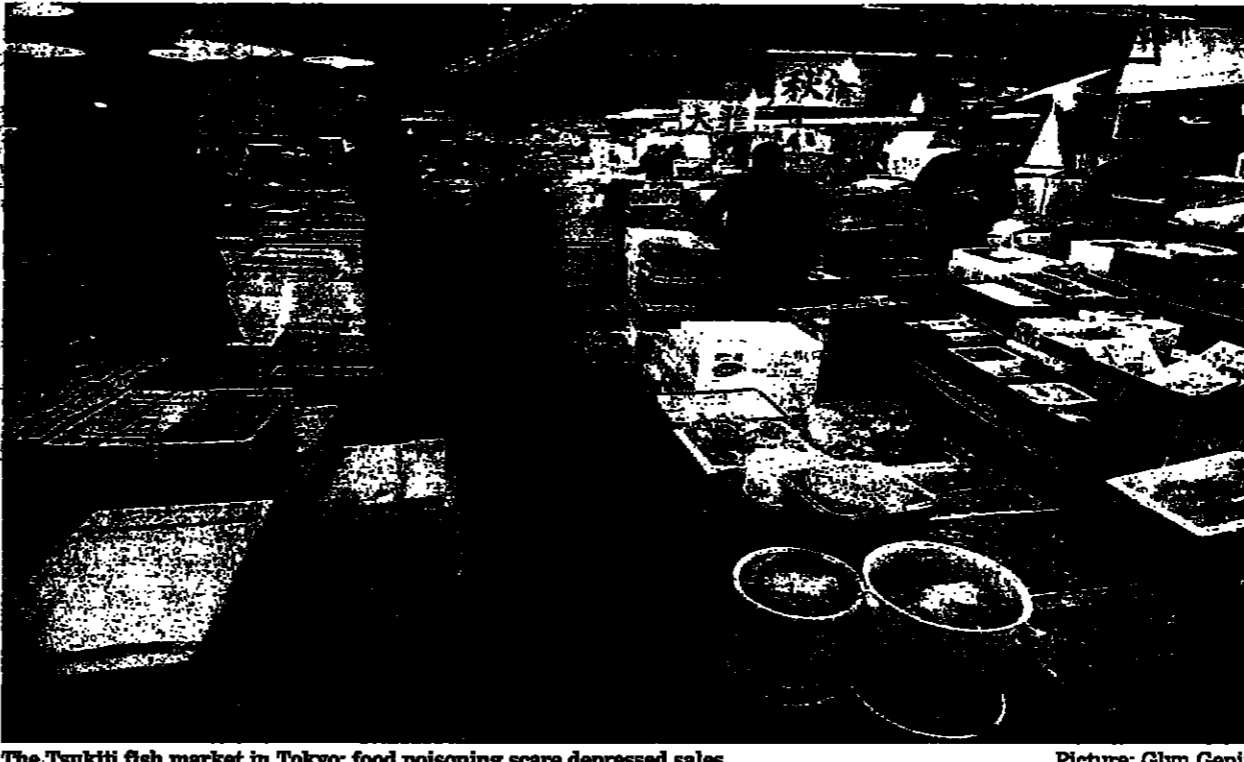
On a consolidated basis, the retailer also revised down its initial forecast. It now projects annual consoli-

dated pre-tax profits will fall 27.4 per cent to ¥72bn on a 0.7 per cent rise in sales to ¥3,150bn.

Daiei said food poisoning and BSE, or mad cow disease, has badly affected the sale of food in the first half to August. It estimated the food sales at existing stores run at less than 90 per cent of the year-earlier level. It also blamed significant rises in debt for the earnings downgrade.

Daiei's parent-level debt rose from ¥500bn at end-February to ¥629.3bn by end-August, mainly because of extraordinary charges for stores damaged in the Kobe earthquake in January 1995.

Mr Nakaguchi said organisational change also upset the company's chances of benefiting from the recovery in consumer spending.



The Tsukiji fish market in Tokyo: food poisoning scare depressed sales

Picture: Glyn Genin

Axa and Generali end shareholding link

By Andrew Hill in Milan and Andrew Jack in Paris

Axa, the French-based insurer, yesterday paid FF650m (\$1.1bn) to acquire the 10.8 per cent of its outstanding shares held by Generali, the Italian insurer. The move ended months of speculation over the future of the alliance between the two groups, and of the stake.

The sale follows an agreement between the two insurers at the start of this year to simplify and reduce their cross-participations. It comes

after Mr Antoine Bernheim, Generali's new chairman, said recently the participation was no longer justified by a strategic interest.

Axa exercised its rights of first refusal to acquire Generali's residual stake in Axa SA, the vehicle quoted on the French stock exchange, in a deal by which it will pay FF285 for each of the 20m shares.

After the deal, French mutual insurance companies will increase their stake in Axa from 24 per cent to 37 per cent, while Axa SA will lift the proportion of shares it holds on its own behalf

from 5 per cent to 8 per cent. The stake in Axa SA held by Paribas, the French financial group, increases slightly to 8.4 per cent.

Generali had paid an average price of FF280 a share since it began investing in Axa SA, the vehicle quoted on the French stock exchange, in a deal by which it will pay FF285 for each of the 20m shares.

The group said it had not earmarked the funds for a particular project. The group said the ending of the often

stormy relationship between the Italian company and Axa had been cordial.

Mr Antoine Bernheim, Generali's chairman, will remain on the Axa board "confirming the excellent relations [between the two companies]", he said.

Mr Bernheim, a general partner with Lazard Freres, the Paris-based financial group, was appointed Generali's chairman in June 1995, raising hopes that he might find a way of improving Generali's difficult relationship with Axa.

A year ago, in a rare press conference, he warned that

Generali would sell its indirect stake in the French company if synergies between the two groups did not develop.

Mr Claude Bébéar, Axa's chairman, has said that Generali had rebuffed his proposals to co-operate in the past.

Generali confirmed yesterday that hopes for the development of joint ventures in emerging markets, including east Asia and Indonesia, had not been realised, although the Trieste-based company did not rule out commercial co-operation in future.

Zellweger acquires Neotronics for £23m

By David Blackwell

Neotronics Technology, the Essex-based gas detection and analytical instruments maker, was yesterday acquired by a Swiss group for £23.2m.

The buyer is Zellweger Luwa, listed on the Swiss stock exchange, which will put Neotronics in its analytical division. The division also specialises in gas detection and other analytical activities, but it concentrates on fixed installations while Neotronics makes portable equipment.

Zellweger is paying 90p cash for each Neotronics share, an 89 per cent premium to Thursday's 47.5p closing price. Mr Paul Gotley, chairman, and his family have given Neotronics to sell their 60.55 per cent stake.

"We have built up a successful company and we want it to go from strength to strength," said Mr Gotley, 71, who founded the company in 1973. "We feel that this is the formula that gives it the best chance of doing that."

Neotronics, has subsidiaries in the US, France and Germany and employs 350 people. Beeson Gregory, house broker, forecasts losses of about £500,000 this year.

A profits warning last May reflected the £2m cost of developing Nose, a system for analysing food and drink aromas that has been sold to Unilever and Coca-Cola. Group sales of £20.1m last year included £270,000 from Nose, which are expected to rise to £750,000 this year.

Zellweger Luwa, with 5,900 employees in 17 countries, had annual sales in excess of SF71bn (£530m) last year. The analytical division's were SF2,138m.

Zellweger said Neotronics would significantly increase sales volumes in the division and enhance the high growth potential. It would be looking at the future of Nose, but was "basically very positive" about it.

Nursing homes agree to merge

By Simon Kuper

Takare and Court Cavendish yesterday agreed to merge to create by far the largest company in the UK care homes sector, with a market value of £253.6m.

The deal is the biggest step yet towards the industry's long-awaited consolidation. Care homes have struggled because of lack of funding for patients and an oversupply of beds.

Mr Keith Bradshaw, chairman of Takare, the sector leader, said the merger was prompted by "increased competition".

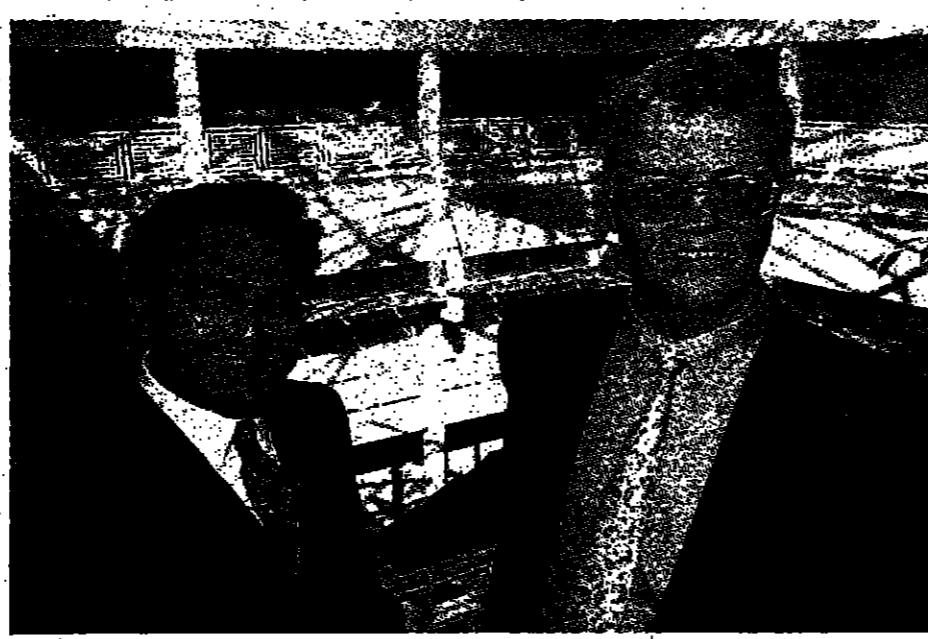
Takare will issue 157 new shares for every 100 Court shares, valuing each Court share at 238p and the company at £64.2m. Court shares rose 19p to 236p yesterday. Takare gained 2p to 150p.

The new group, to be called the TC Group, will have less than 2.5 per cent of the care homes market. Following Court Cavendish's strategy, it will seek to grow by acquisition rather than by building new homes.

Mr Bradshaw met Mr Chai Patel, Court founder and executive chairman, five weeks ago. He said: "It became clear within about half an hour that the way forward was a merger."

There is almost no geographic overlap between the two companies' 126 homes with 11,742 beds.

On the subject of acquir-



Setting up home: Keith Bradshaw (left) and Chai Patel knew within 30 minutes it was right

ing large care homes, Mr Patel said: "The consolidation in the sector, I think, has only just begun."

TC was also planning to expand further into services such as meals-on-wheels and 24-hour home care, said Mr Bradshaw. "We both have this vision of the care home as the focal point of a range of community care services."

Analysts welcomed the deal, but said TC's projected board looked too heavy with the leading executives of

both companies remaining.

Mr Bradshaw is to be TC's executive chairman and Mr Patel chief executive, while Mr Hamilton Anstead, Takare managing director, will keep that role in the new group. Mr Tony Heywood, Court finance director, will become corporate development director with a brief to seek acquisitions.

TC will have 13,000 staff, net assets of £268m and gearing of 37 per cent. It yesterday forecast a

final dividend of 2.45p, 44 per cent higher than Takare's final last year.

Takare made pre-tax profits of £8.7m (£10m) on sales from continuing operations of £26m (£22m) for the first half of the year. For the year to April 30 Court reported £4.6m (£5.1m) pre-tax profits on turnover of £28.1m (£23.3m).

SBC Warburg is acting for Takare, and HSBC Samuel Montagu for Court. See Lex

Partial float plan for Mowlem arm

By Simon London

Shares in John Mowlem gained 7p to 89p yesterday, as the construction group said it was considering a partial floatation of its access division, which makes and distributes scaffolding and ladders.

The announcement came as Mowlem unveiled pre-tax profits for the half-year to June 30 of £5.8m, against a loss of £81.8m. Operating profits from continuing operations improved from £3.7m to £28m.

Mr John Gains, chief executive, said a floatation next spring of up to 49 per cent of the access business would

give the division more focus and allow it to raise capital from outside the group.

Analysts estimated that the division - which made interim operating profits of £7.5m on turnover of £128m - could have a market value of up to £150m.

By floating a minority stake, Mowlem would be able to consolidate the division's results in its group figures. A divisional chief executive is likely to be appointed this autumn.

Mr Gains added that the proceeds of any floatation would be used by Mowlem to acquire another service division in order to reduce its dependence on construction.

Mowlem's construction division cut operating losses from £4.1m to £900,000. Turnover declined by 13 per cent to £466m, as the company declined to compete for unprofitable contracts.

The group is leading a consortium which is favourite to win a £180m contract to build the Lewisham extension to the Docklands Light Railway in London.

Last year's interims were blighted by a £16m provision for termination of non-core activities and £14m to cover the settlement of a legal dispute relating to a London property development.

Earnings per share were 2.5p, against losses of 18.3p.

The interim dividend is restored at 1p.

COMMENT

The proposed partial floatation of its access division is evidence that Mowlem is becoming less defensive. Any initiative which draws attention to the underlying value of the group can only benefit shareholders. Yesterday's 9 per cent increase in the shares was the first fruit.

With a modest profits recovery also in progress, Mowlem looks increasingly undervalued. Based on forecast full-year profits of £14m, the shares stand on a p/e of 13 times, which looks cheap relative to the sector.

Consob set to allow Olivetti shares to trade

By Andrew Hill in Milan

Olivetti's half-year accounts were prepared in strict conformity with legal and accounting rules, the Italian information technology group said yesterday, rejecting allegations it had published misleading interim figures.

Olivetti's shares, suspended on Thursday, remained frozen yesterday, while the company prepared a three-page statement. Consob, the Italian stock market regulator, said it had approved the statement with a view to allowing the shares to begin trading normally on Monday. However, it added it had not examined the merits of Olivetti's case and would question the company's internal audit committee about the interim results next week.

Consob interviewed Olivetti's senior executives on Thursday after Mr Renzo Francesconi resigned as director-general of the group's holding company, claiming Olivetti's real financial situation was worse than the published figures suggested.

Olivetti on Tuesday reported a pre-tax loss of L440.2bn (\$291m) for the six months to June 30, after an extraordinary board meeting at which Mr Carlo De Benedetti resigned as chairman.

The group said yesterday the rumours that further provisions should have been made, leading to a much worse first-half result, were "totally unfounded". The group also confirmed that net financial debt at June 30 was L1.261bn, as originally announced. Mr Francesconi had implied the figure was much higher.

Although the resignation of Mr De Benedetti was at first welcomed by the financial markets, the subsequent departure of Mr Francesconi has unsettled analysts and investors.

Investigating magistrates in Ivrea, where Olivetti has its headquarters, confirmed yesterday they were looking into allegations by Ascoris-parmio, the Italian savers' association, that conflicting declarations had damaged the market or the company.

Consob interviewed Olivetti's senior executives on Thursday after Mr Renzo Francesconi resigned as director-general of the group's holding company, claiming Olivetti's real financial situation was worse than the published figures suggested.

Senior managers from Hambros, the UK independent merchant bank, are to meet early next week with their vociferous new shareholder, Regent Pacific.

Regent, a Hong Kong-based investment group which last week disclosed it had built up a 3 per cent stake in Hambros, has voiced sharp criticisms of the bank's management.

Sir Chips Keswick, Hambros' chief executive, said Mr James Mellon, Regent Pacific's head, had been "gratuitously rude" in describing Hambros' performance as "diabolical".

But Regent now says it wants to listen to what Hambros has to say about the strategy it introduced last year. Hambros also wants mainly to listen, so the meeting could prove to be a silent one.

Regent executives say they want to see if Hambros has any further thoughts on reducing its stakes in listed subsidiaries such as estate agent Hambro Countrywide or selling off "some of its more tangential direct investments".

Regent, which has specialised in break-up raids on closed-end investment funds, accumulated its Hambros stake this summer at an average price of 240p.

Crédit local de France GENERAL MEETING OF BONDHOLDERS Notice of Meeting For the purpose of the alliance with Crédit Communal de Belgique, Crédit local de France will transfer to its subsidiary Local Finance all of its assets and liabilities, including all bonds issued by Crédit local de France. The transfer of this asset transfer, will have the same assets and liabilities which CLF currently has, and at the date of the transfer will be the trade name of 'Crédit local de France', the existing Crédit local de France becoming 'CLF Holding'. Holders of the bonds listed below, issued by Crédit local de France, Lead Manager and Fiscal Agent Banque Paribas Luxembourg - LUF 2,000,000,000 7.875% Oct 1994 - Oct 1999 (ISIN Code XS 00 52827848) - LUF 1,600,000,000 8% Dec 1994 - Dec 2000 (ISIN Code XS 00 53849349) Lead Manager and Fiscal Agent Kreditbank S.A. Luxembourggeles - LUF 1,000,000,000 10% Mar 1991 - Mar 1998 private placement Lead Manager and Fiscal Agent Banque et Caisse d'Epargne de l'Etat, Luxembourg - LUF 2,000,000,000 7.825% May 1995 - May 1998 (ISIN Code XS 00 5633845) Lead Manager and Fiscal Agent Banque Générale du Luxembourg S.A. - LUF 2,000,000,000 8.7% Aug 1995 - Oct 2000 (ISIN Code XS 00 56356824) Lead Manager and Fiscal Agent Banque Internationale à Luxembourg S.A. - LUF 2,000,000,000 6.5/8% Nov 1995 - Nov 2002 (ISIN Code XS 00 60495164) - LUF 3,000,000,000 6.3/8% Jan 1996 - Jan 2003 (ISIN Code XS 00 62353445) - LUF 2,000,000,000 5.3/4% Mar 1996 - May 2003 (ISIN Code XS 00 63591837) are invited to attend the General Meeting to be held on September 16, 1996 at Banque Internationale à Luxembourg S.A., 69, route d'Esch, L-1470 Luxembourg, at time 2.30 p.m. in accordance with article 306, of the French law of July 24, 1966. The agenda of the meeting will be as follows: ● Board of Directors' report on Crédit local de France's project to transfer all of its assets and liabilities to its subsidiary Local Finance; ● Approval of the transaction; ● Powers. Holders of bearer bonds must obtain a certificate attesting that their securities are held in a blocked account from the bank, stock or institution managing their account at least (5) days before the date of the General Meeting. Proxy forms will be sent to bondholders upon request from the Financial Agent in charge of each bond issue. In the event that the quorum requirements are not met, the General Meeting will be reconvened on October 3, 1996 in the same place and at the same time as listed above. The board of Directors



COMPANIES AND FINANCE: UK

Schroders downbeat despite 35% rise

By George Graham, Banking Correspondent

Schroders, the independent UK merchant bank, saw its share price dip 54p to £19.83p yesterday, after warning it would have trouble sustaining profit levels.

that conditions for its business would become more uncertain with elections on the way in the US and the UK, and with equity markets now reaching all-time peaks.

into the securities business was going "according to plan," with good results from continental Europe and the US.

30, compared with £74bn at the end of last year. Although the value of investments appreciated only modestly, Schroders attracted \$5.4bn in net new money.

tried to emphasise a team approach to fund management rather than the promotion of individual stars.

devoid of risk, either. But although the possibility of an upset exists, it should not be exaggerated. Schroders is winning new fund management mandates at a sparkling pace, and that should feed into reliable commission income for years to come.

Board protected by police ■ GEC hears valedictory address ■ Few dissenters to L-tip

Costain podium stormed in bypass protest

By Justin Marozzi

Protesters with dyed orange and green hair stormed the podium at the Costain annual meeting in protest at the construction group contracting to build the controversial Newbury bypass.

Weinstock attacks corporate standards

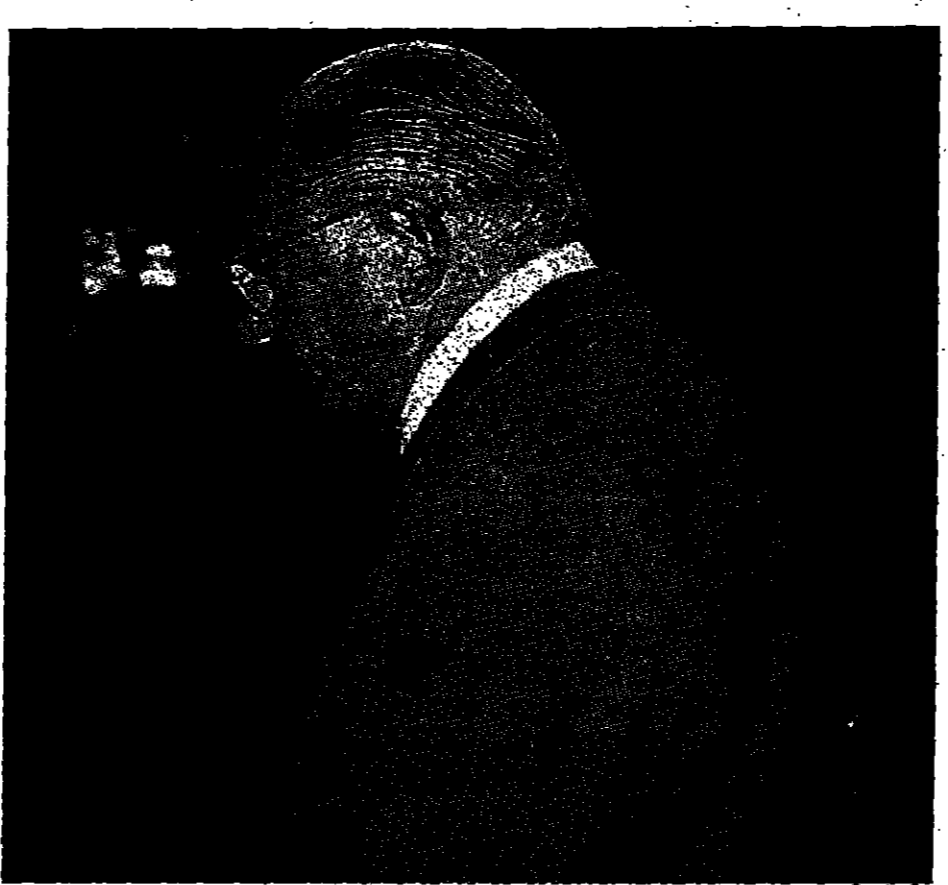
By Ross Tieman

Lord Arnold Weinstock, one of Britain's most respected industrialists, yesterday used his valedictory address to shareholders in the General Electric Company to launch a sharp attack upon the way corporate governance standards are maintained - and flouted.

Wessex Water L-tip approved

By Leyla Boulton

Shareholders of Wessex Water, the smallest of the privatised water and sewerage companies of England and Wales, yesterday approved a long-term incentive scheme for management.



Ready to cede the reins of power: Lord Weinstock leaving as GEC's managing director

ation of British Insurers. Mr Simpson's appointment to the GEC board was carried easily on a show of hands yesterday. Afterwards he said: "I'm not sure if anyone is worth this kind of package."

GEC's Stanhope Gate headquarters on Monday. Shareholders gave a standing ovation to Lord Weinstock, who has run GEC for 33 years, building it from annual pre-tax profits of £4m to almost £1bn, and developing a web of international alliances.

has made a comparable contribution to the survival and success of British industry." Yesterday, autographing annual reports for shareholders with his granddaughter Pamela, 13, at his side, Lord Weinstock looked ready to cede the reins of power. But the Cap d'Antibes sunset may be deceptive. As chairman emeritus of GEC, Lord Weinstock will still be on hand to offer his successor advice.

Litho Supplies up 10% in poor market

By Frederick Stodemann

Litho Supplies, the printing industry supplier, reported a 10 per cent rise in interim pre-tax profits to £3.58m against a back-drop of poor market conditions.

Home & Office Software

DISCOVER FREE SHARE PRICES

Do you have a PC? Would you like to know the value of your shares automatically, even unlisted? Use an OPTI-IT Terminal PC Card. No on-line charges. Full range of growing/analysis software also available.

RESULTS

By Tim Bart

Shares in Laird Group yesterday fell 36p to 460 1/2p after the motor components and building products manufacturer reported an 11 per cent fall in first-half profits.

Pricing forces Laird down 11%

By Tim Bart

Although sales rose from £477m to £482m, operating profits fell from £38.5m to £36.1m in the six months to June 30. The sealing systems division accounted for most of that decline, with profits down from £16.2m to £12.8m.

RESULTS

By Tim Bart

Fullarton's improved contribution was not enough to prevent a fall in earnings per share from 18.1p to 16.8p.

RESULTS

By Tim Bart

Laird warned in May that its first-half figures would make gloomy reading. But few analysts expected the effect of the Franco-German downturn to be quite this bad.

Advertisement for Home & Office Software, featuring sections like 'DISCOVER FREE SHARE PRICES', 'ACT: THE SALES MANAGEMENT SYSTEM', 'SELECT 400', 'UNIVERSALBIRM', and 'MOVE TO STAR'.

Table with financial data for various companies including Avonside, BPL, Braham (IF & J), Cadwell, Conifer Trust, Hammer Ltd, Laird, Litho Supplies, Menden (John), Reid Erskine, Saltire, and Southern Vectis. Columns include share price, pre-tax profit, EPS, current payment, date of payment, and dividends.

NEWS DIGEST

Demand helps Reed Executive

The rising demand for temporary labour in the UK helped Reed Executive, the recruitment agencies group, to increase interim profits by 52 per cent.

GrandMet loses vodka

Grand Metropolitan has ceased distributing Finlandia vodka in the US and Puerto Rico following the termination of its relationship with Alko and Primalco, the Finnish distiller and its trading arm.

RMC abandons Polish deal

RMC, the building materials group, has abandoned plans to buy a Polish cement plant as part of a potential \$100m (\$84m) investment in the country.

Electra cuts Monument stake

Electra Investment Trust has sharply reduced its stake in Monument Oil and Gas by selling 42.5m shares in the independent explorer.

Disposals help Saltire to £2m

Saltire, the electronics distributor, achieved pre-tax profits of £2.05m in the 26 weeks to July 12, after a £1.9m profit on the sale of operations.

Conister resumes interim

Conister Trust, the credit finance group, has resumed interim dividend payments following the successful integration of three companies acquired in March.

Southern Vectis ready to buy

Southern Vectis, the Isle of Wight-based bus operator and environmental protection group that has put in a bid for the Isle of Wight railway, has put a bid for a strong performance by Vikoma, its oil containment side.

Capita set to purchase RAS

Capita's shares rose 21p to 385 1/2p yesterday after the management consultant announced it was the preferred bidder in the privatisation of the Recruitment and Assessment Services Agency. RAS recruits all grades in the Civil Service and other government bodies.

CE Heath completes US sale

GE Heath has completed the sale of its 55.98 per cent interest in Lloyds New York Insurance Company. It was bought by Striving Cooke North America Holdings for \$4.6m (£2.97m).

Avonside hints at dividend

Avonside, the building services group, beat tough times in the industry to keep sales almost static and yesterday hinted that it would pay a final dividend. Sales edged up from £39.6m to £40.6m, but pre-tax profits fell from £1.17m to £10.0m in the six months to June. Mr Nicolas Rice, chairman, said the results reflected the company's strategy of selling its housebuilding assets and focusing on turning round its subcontracting side.

Cray makes \$14m disposal

Cray Electronics is selling Cray Communications to Osci Technologies for \$14m (\$5.5m), of which \$11m is in cash and the balance in Osci common preferred shares. Osci makes communications equipment for connecting remote and branch offices to corporate local area networks. In the 12 months ended April 30, it made a pre-tax loss of \$3.2m on \$20m turnover.

Handwritten text in a box: 'معلومات الأصل'



COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Copper surrenders gains

The London Metal Exchange copper market ended the week in a rather nervous mood...

That rise had been encouraged by the possibility that any remaining holders of short positions entered into when the Sumitomo scandal broke...

Everybody who was short had plenty warning, so they covered or rolled forward...

Another factor that could have caused midweek tightness was "first Wednesday" covering against in-the-money options...

With those potential disruptions out of the way the market subsided sharply on Thursday...

Yesterday morning saw something of a rally after sentiment was buoyed by unexpected news of a fall in LME warehouse stocks...

Precious metals were weaker with little buying interest apparent yesterday and traders said they looked vulnerable to further falls...

Richard Mooney

"People are running for cover very quickly these days. It's getting very hard to follow any trend any more..."

At the London Commodity Exchange robust coffee prices were also in retreat...

Traders said the price slide was triggered by the breaching of the chart support level around \$1,550 a tonne...

Reniers also told Reuters that sentiment was affected by reports that an Italian court had ruled that compensation should be given to companies that suffered huge losses ten years ago...

LME warehouse stocks (as at Thursday's close) tonnes

Aluminium alloy +625 to 629,675

Copper -310 to 37,875

Lead -450 to 111,100

Zinc -275 to 99,700

Tin -525 to 10,115

BASE METALS

LONDON METAL EXCHANGE

(Prices from Antismog Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

Case 3 months

Close 1458-50

Previous 1458-50

High/Low 1452-50/1477-1477

AM Official 1245-50

Kerb close 1484-85

Open int. 208,530

Total daily turnover 51,568

ALUMINIUM ALLOY (\$ per tonne)

Close 1245-50

Previous 1245-50

High/Low 1245-50/1275-85

AM Official 1245-50

Kerb close 1270-85

Open int. 4,988

Total daily turnover 853

LEAD (\$ per tonne)

Close 914.5-5.5

Previous 914.5-5.5

High/Low 914.5-5.5/917-10

AM Official 914.5-5.5

Kerb close 909-10

Open int. 34,000

Total daily turnover 6,517

NICKEL (\$ per tonne)

Close 7395-45

Previous 7395-45

High/Low 7395-45/7429-52

AM Official 7395-45

Kerb close 7395-45

Open int. 39,043

Total daily turnover 12,749

TIN (\$ per tonne)

Close 6190-80

Previous 6190-80

High/Low 6190-80/6220-220

AM Official 6190-80

Kerb close 6240-50

Open int. 14,554

Total daily turnover 3,990

COPPER, SPECIAL HIGH GRADE (\$ per tonne)

Close 10313-10

Previous 10313-10

High/Low 10313-10/10320-30

AM Official 10313-10

Kerb close 10313-10

Open int. 64,008

Total daily turnover 18,290

COPPER, GRADE A (\$ per tonne)

Close 1899-99

Previous 1899-99

High/Low 1899-99/1927-28

AM Official 1899-99

Kerb close 1927-28

Open int. 189,923

Total daily turnover 192,333

LME AM Official 2/5 rate 1.5659

LME Closing 2/5 rate 1.5678

Spot 1.5812 3 rate 1.5838 1.5819 3 rate 1.5834

HIGH GRADE COPPER COMEX

Sett. Day's price change High Low Vol

Sep 98.45 +0.8 91.0 88.0 1,166 5,810

Oct 98.50 +0.7 91.0 88.0 44 1,940

Nov 98.00 +0.7 90.0 88.0 5 1,453

Dec 98.00 +0.8 90.75 88.0 16,218 24,804

Jan 98.00 +0.8 90.25 88.0 31 1,932

Feb 98.50 +0.85 - - - 22 800

Mar 18,473 18,491

Total 18,473 18,491

Precious Metals continued

GOLD COMEX (100 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Vol

Sep 384.9 -0.6 - - - 1 3

Oct 385.0 -0.7 385.8 385.5 1,273 4,784

Nov 385.9 -0.8 386.8 386.5 276 4,179

Dec 391.4 -0.8 392.3 391.5 265 12,455

Jan 395.8 -0.8 396.8 396.5 85 6,895

Feb 395.5 -0.8 - - - 155 11,180

Total 18,284 18,481

PLATINUM NYMEX (50 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Vol

Oct 326.9 -0.4 327.8 327.1 1,821 18,171

Nov 326.9 -0.3 327.8 327.1 276 4,179

Dec 326.9 -0.3 327.8 327.1 276 4,179

Jan 326.9 -0.3 327.8 327.1 276 4,179

Feb 326.9 -0.3 327.8 327.1 276 4,179

Total 18,284 18,481

PALLADIUM NYMEX (100 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Vol

Oct 126.0 -0.50 - - - 60 948

Nov 127.0 -0.50 - - - 8 177

Dec 127.0 -0.50 - - - 8 177

Jan 127.0 -0.50 - - - 8 177

Feb 127.0 -0.50 - - - 8 177

Total 18,284 18,481

SILVER COMEX (5,000 Troy oz. \$/troy oz.)

Sett. Day's price change High Low Vol

Oct 320.5 -3.5 324.5 320.0 227 702

Nov 320.5 -3.5 324.5 320.0 227 702

Dec 320.5 -3.5 324.5 320.0 227 702

Jan 320.5 -3.5 324.5 320.0 227 702

Feb 320.5 -3.5 324.5 320.0 227 702

Total 18,284 18,481

ENERGY

CRUDE OIL NYMEX (1,000 barrels, \$/barrel)

Sett. Day's price change High Low Vol

Oct 23.00 -0.22 23.74 23.49 88,288 73,549

Nov 23.00 -0.22 23.74 23.49 88,288 73,549

Dec 23.00 -0.22 23.74 23.49 88,288 73,549

Jan 23.00 -0.22 23.74 23.49 88,288 73,549

Feb 23.00 -0.22 23.74 23.49 88,288 73,549

Total 18,284 18,481

HEATING OIL NYMEX (100,000 US gal., \$/100 gal.)

Sett. Day's price change High Low Vol

Oct 65.50 +1.27 66.65 64.75 14,759 40,790

Nov 65.50 +1.27 66.65 64.75 14,759 40,790

Dec 65.50 +1.27 66.65 64.75 14,759 40,790

Jan 65.50 +1.27 66.65 64.75 14,759 40,790

Feb 65.50 +1.27 66.65 64.75 14,759 40,790

Total 18,284 18,481

GAS OIL NYMEX (100,000 US gal., \$/100 gal.)

Sett. Day's price change High Low Vol

Sep 21.75 +0.21 22.50 21.52 13,822 32,827

Oct 21.75 +0.21 22.50 21.52 13,822 32,827

Nov 21.75 +0.21 22.50 21.52 13,822 32,827

Dec 21.75 +0.21 22.50 21.52 13,822 32,827

Jan 21.75 +0.21 22.50 21.52 13,822 32,827

Feb 21.75 +0.21 22.50 21.52 13,822 32,827

Total 18,284 18,481

UNLEADED GASOLINE COMEX (100,000 US gal., \$/100 gal.)

Sett. Day's price change High Low Vol

Oct 94.75 +0.34 95.10 93.50 11,838 20,188

Nov 94.75 +0.34 95.10 93.50 11,838 20,188

Dec 94.75 +0.34 95.10 93.50 11,838 20,188

Jan 94.75 +0.34 95.10 93.50 11,838 20,188

Feb 94.75 +0.34 95.10 93.50 11,838 20,188

Total 18,284 18,481

GRAINS AND OIL SEEDS

WHEAT LCE (\$/cwt)

Sett. Day's price change High Low Vol

Sep 104.75 +0.75 105.00 105.00 11 155

Oct 106.50 -0.45 107.25 106.25 189 2,488

Nov 106.50 -0.45 107.25 106.25 189 2,488

Dec 106.50 -0.45 107.25 106.25 189 2,488

Jan 106.50 -0.45 107.25 106.25 189 2,488

Feb 106.50 -0.45 107.25 106.25 189 2,488

Total 18,284 18,481

WHEAT CBOT (\$/cwt)

Sett. Day's price change High Low Vol

Sep 104.75 +0.75 105.00 105.00 11 155

Oct 106.50 -0.45 107.25 106.25 189 2,488

Nov 106.50 -0.45 107.25 106.25 189 2,488

Dec 106.50 -0.45 107.25 106.25 189 2,488

Jan 106.50 -0.45 107.25 106.25 189 2,488

Feb 106.50 -0.45 107.25 106.25 189 2,488

Total 18,284 18,481

MAIZE CBOT (\$/cwt)

Sett. Day's price change High Low Vol

Sep 362.50 +0.25 363.00 362.50 5,279 18,581

Oct 362.50 +0.25 363.00 362.50 5,279 18,581

Nov 362.50 +0.25 363.00 362.50 5,279 18,581

Dec 362.50 +0.25 363.00 362.50 5,279 18,581

Jan 362.50 +0.25 363.00 362.50 5,279 18,581

Feb 362.50 +0.25 363.00 362.50 5,279 18,581

Total 18,284 18,481

BARLEY LCE (\$/cwt)

Sett. Day's price change High Low Vol

Sep 98.50 -0.50 99.25 98.25 2 88

Oct 98.50 -0.50 99.25 98.25 2 88

Nov 98.50 -0.50 99.25 98.25 2 88

Dec 98.50 -0.50 99.25 98.25 2 88

Jan 98.50 -0.50 99.25 98.25 2 88

Feb 98.50 -0.50 99.25 98.25 2 88

Total 18,284 18,481

SOYBEAN CBOT (\$/cwt)

Sett. Day's price change High Low Vol

Sep 82.25 +0.00 82.50 82.00 1,518 5,487

Oct 82.25 +0.00 82.50 82.00 1,518 5,487

Nov 82.25 +0.00 82.50 82.00 1,518 5,487

Dec 82.25 +0.00 82.50 82.00 1,518 5,487

Jan 82.25 +0.00 82.50 82.00 1,518 5,487

Feb 82.25 +0.00 82.50 82.00 1,518 5,487

Total 18,284 18,481

SOYBEAN OIL CBOT (\$/cwt)

Sett. Day's price change High Low Vol

Sep 25.50 +0.10 25.60 25.40 6,036 3,919

Oct 25.50 +0.10 25.60 25.40 6,036 3,919

Nov 25.50 +0.10 25.60 25.40 6,036 3,919

Dec 25.50 +0.10 25.60 25.40 6,036 3,919

Jan 25.50 +0.10 25.60 25.40 6,036 3,919

Feb 25.50 +0.10 25.60 25.40 6,036 3,919

Total 18,284 18,481

POTATOES LCE (\$/cwt)

Sett. Day's price change High Low Vol

Sep 72.5 - - - - - -

Oct 72.5 - - - - - -

Nov 72.5 - - - - - -

Dec 72.5 - - - - - -

Jan 72.5 - - - - - -

Feb 72.5 - - - - - -



COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700  
Saturday September 7 1996

Misplaced trusts

Nothing can excuse the failure of controls at Morgan Grenfell Asset Management that allowed its fund manager, Mr Peter Young, to stuff its portfolio with a pyramid of unlisted holding companies. On the evidence to date, this is not so much the result of inadequate regulation as of incompetent management.

The willingness of Morgan Grenfell's parent, Deutsche Bank, to buy the questionable portion of the portfolio at its inflated valuation might seem to minimise the damage caused by the episode. Any investors who bought into the European Growth Unit Trust before mid-January are thus made whole; those who bought in at its most recent high in May have suffered a decline in value of 14% per cent. There may be a case for compensation even for these losses, since at the time they bought their units, Morgan Grenfell was already aware of problems at the fund.

Yet the consequences are serious, and range much wider than the reputation of the firm and its parent. The affair casts unnecessary doubt on the unit trust industry, which has historically provided a very safe and convenient form of investment. It has damaged the City's reputation, by offering further evidence of what sometimes appear to be endemic problems of internal controls even at the most respected houses.

And it creates the risk of a "flight to capital" in unit trusts, as investors realise the damage control failures can cause, and choose fund managers rich enough to allow them to follow Deutsche Bank's example and make good any losses.

But although there are no excuses for the debacle, a number of trends in human nature and contemporary fund management culture can help to explain it. There are messages here for investors of all kinds.

**Cult of growth**

First comes the perennial truth that nothing appears to succeed like success. Well-performing funds or managers are feted for their skill - but there is often a reluctance to inquire too closely into this success, for fear of spoiling the magic. Exactly this reluctance brought Barings to collapse. The much-criticised "star system" among fund managers is merely a heightened form of this trend.

A second, related problem is the cult of growth. Realistically, it is not possible to have the sort of sustained growth in

value that investors have come to expect from equity-based investments without incurring substantial risk. Yet because as in the go-go 1980s - growth is seen as a basic entitlement of investors and fund managers, the risks go unexamined.

One other trend is at work: the rush by banks into fund management, which appears to offer a risk-free way of generating fee income to offset shrinking lending margins. The inherent risks of the industry are indeed low. But the flood of capital into the business has created both the expectations of high returns and the competition which is likely to frustrate it. The risks arise when fund managers push themselves to create the performance which will justify their employers' investments - and when control systems fail to cope.

Worrying sign

For individual investors, the lessons of the Morgan Grenfell affair are simple. When choosing collective investments, such as unit trusts, an aggressive investment approach is a potentially worrying sign. Relying on short-term performance rankings to choose funds may also prove dangerous.

At all events, investors will wish to make sure they fully understand the reasons behind a fund's success, rather than simply relying on past performance as a guarantee of future returns. If funds invest in unlisted securities, an additional consideration is the source of the valuation of these assets, which may give an indication of how reliable the prices are likely to prove.

Those who invest directly in equities must remember that above-par performance usually entails above-par risk. This has been, in part, obscured by the drama of the Morgan Grenfell affair. Mr Young's original portfolio, before he started his conjuring tricks, was heavily exposed to any downturn in speculative technology stocks.

Under normal circumstances, investors would be expected to pay the price for such a lopsided portfolio when the market turned against the sector, as it did this year. Morgan Grenfell and its parent have ended up paying the fund's investors above-market prices for part of their assets. Given the management failings, that is only fair. But investors in risky portfolios cannot rely on being protected against a downturn in such a speculative part of the market.

A diplomatic minefield

Fighting among the Kurds in Iraq has exposed the fragility of western friendships in the Middle East, says Bruce Clark

For the second time in five years, the Kurds of northern Iraq have moved to the top of the international diplomatic agenda. In 1991, after the Gulf war, the Kurds' humanitarian plight horrified the world and helped inspire a US-led military operation to save their mountain homeland from a vengeful President Saddam Hussein.

In recent weeks, Kurdish independence strife has presented US policymakers with a different dilemma, in which villains and heroes are much harder to discern. But the new problem is equally impossible to ignore - because of the involvement of Washington's most bitter adversary, Iran and Iraq.

In a further twist, the crisis has now drawn in one of America's closest regional allies - Turkey, which has proclaimed a "security cordon" up to 25 km into Iraqi territory.

In military terms, the US easily reaffirmed its regional hegemony by firing cruise missiles at air defence systems in southern Iraq, ostensibly to punish Mr Saddam for intervening on behalf of one Kurdish group in the north.

But the sheer intractability of the conflict between the Kurdish factions and their regional protectors has also shown up the limits of American power.

First, it has highlighted the uphill struggle faced by Washington in its self-imposed task of "dual containment" - holding back the destabilising influence of both Iran and Iraq. By punishing Iraq for helping one Kurdish faction - the Kurdistan Democratic party, led by Massoud Barzani - the US has run the risk of inadvertently helping Iran, which has backed the KDP's bitter rival, the Patriotic Union of Kurdistan.

Second, and perhaps more ominously for western strategists, the crisis has vividly demonstrated that there are limits to the amount of help Washington can expect from its declared friends in the region and beyond.

France's refusal to endorse the US missile strikes, and its unwillingness to join the US and UK in patrolling an extended no-fly zone in southern Iraq, has shown up some embarrassing disarray in the old Gulf war coalition.

But these transatlantic squabbles are probably a less serious problem for Washington than this week's painful reminders of the fragility of pro-American alliances in the Middle East.

Perhaps the most telling indicator is the fact that B-52 bombers based in the Pacific island of Guam, as well as aircraft carriers in the Gulf, were used to unleash this week's strikes against Iraq. Neither Saudi Arabia nor Turkey was prepared to let its territory be used as a launching pad, although both countries play host to thousands of US troops. In the words of one senior UK official: "The Saudis said they



Top of the diplomatic agenda: fighters loyal to the Kurdistan Democratic party in northern Iraq

approved of what we were doing, but it could not be done from their soil."

A similar message seems to have been conveyed by all the western-oriented states in the region, for similar reasons. What over the evils of the Iraqi regime, any punitive action by the US against a Muslim, Middle Eastern state risks fanning the flames of Islamic fundamentalism - and embarrassing those who are seen to abet America's actions.

"All our allies in the region have their own domestic constraints," says Mr Alan Makovsky, a fellow of the Washington Institute for Near East Policy.

But there is one country where the need to balance friendship with Washington against domestic factors, as well as regional politics, is especially acute. That country is Turkey, whose govern-

ment was taken over in June by Mr Necmettin Erbakan, head of the Islamist Refah movement.

While Ankara was an invaluable friend to the US-led coalition during the Gulf war, its view of the Iraqi Kurds is coloured by its own bitter experience: a 12-year war against the PKK, leftist guerrillas who want to carve an autonomous or independent Kurdish state out of south-eastern Turkey.

Although Turkey is certainly no friend of Iraq, it has historically shared Baghdad's interest in curbing Kurdish separatism. The west's aim of protecting the Kurds of northern Iraq has thus been viewed with increasing suspicion in Turkey.

Many Turks suspect that western patrols to enforce the no-fly zone above the 36th parallel have helped to maintain an "authority

vacuum" in northern Iraq that allows the PKK to take refuge in the area with impunity.

Western officials are relieved by the fact that Mr Erbakan, ruling in coalition with the secular True Path party, has allowed western aircraft to continue policing the skies of northern Iraq. Before taking power, the Islamist leader had pledged to stop these flights. But in recent weeks, Turkish officers have tried unsuccessfully to stop western aircraft carrying bombs on their patrols over Iraq - and they have also restricted the activities of western ground troops based in the Iraqi border town of Zakho.

Ironically, the western intervention in northern Iraq, known as Operation Provide Comfort, was prompted in part by request from Turkey, which feared an uncontrollable wave of Kurds fleeing the onslaughts of Mr Saddam's forces.

But Ankara's attempt to restrict the scope of Operation Provide Comfort is a sharp reminder of one of the region's strategic truths: although Turkish and western interests in Iraq certainly overlap, they do not coincide.

While the regime in Baghdad is presented in US thinking as a force of unmitigated evil, Turkey has to contend with the political and economic realities of living at close quarters with Iraq. This has forced Ankara's politicians - whether Islamist or secular - into some delicate balancing acts.

While last weekend's northwards sweep by the Iraqi army in support of the KDP was observed with horror by western capitals, the reaction among Turkish

observers was very different. "Erbakan and other Turkish officials have sent signals of interest in seeing a restoration of Saddam's control over Kurdistan. For Turkey, Saddam provides a sure guarantee against further PKK incursions," says Mr Amal Baran, an expert on Turkish-Iraqi relations.

In contrast with Washington, Turkey also has a overwhelming interest in the implementation of the hard-won "oil-for-food" agreement, under which Baghdad would be allowed to sell up to \$2bn worth of crude oil and spend the proceeds on food and medicines.

Unless the agreement is implemented, the pipelines running from Iraq to eastern Turkey could suffer irreparable damage as a result of disuse. Cancellation of the deal would also dash Turkey's hopes of an economic revival in its south-eastern region, where separatist violence is now raging.

US officials, on the other hand, say Iraq remains recalcitrant and see little prospect of the agreement being implemented for the foreseeable future. The murky prospects for the oil-for-food arrangement have weakened the west's bargaining power as it presses Ankara for a free hand in the use of military bases on Turkish soil.

Turkey's relations with the west are also under strain on several other fronts. Mr Erbakan raised eyebrows in Washington with his recent visit to Tehran - his first foreign trip as prime minister - during which he made a tentative \$32bn deal to build a pipeline and import Iranian natural gas.

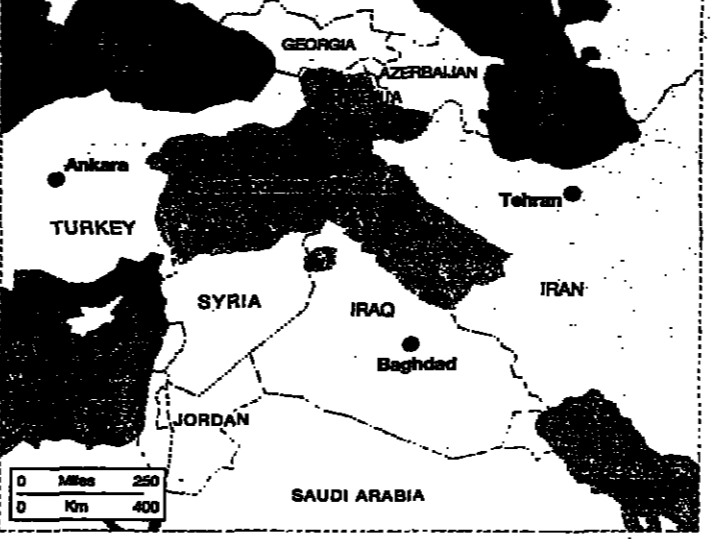
Partly in response to Ankara's perceived anti-western tilt, and to pressure from the Greek and Armenian lobbies in the US, the US Congress is obstructing the delivery to Turkey of three US fighters.

The US, in a clear attempt at damage limitation, has pointedly held back from criticising Ankara for its reluctance to allow the use of Turkish territory for US punitive strikes in Iraq.

Coalitions do not move in step all the time, as one US official remarked, playing down the significance of Turkish restrictions on the use of its territory. The US is also showing understanding of Turkey's move to establish a security zone, noting that the stated aim is one of self-defence.

But however carefully the problems between US and its Middle Eastern allies are finessed, there is no easy way for Washington to impose its will in Iraq without embarrassing its friends or accidentally helping its enemies.

Additional reporting by Edward Mortimer, John Barham and Patti Waldmeir



LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL  
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The industrialists are wrong - there is nothing left to resolve on European monetary union

**From Prof S.F. Bush.**  
Sir, The assertion by Mr Tony Hales and 14 other company executives (Letters, September 5) that the UK's likely refusal to abolish the pound sterling is based on a "serious misunderstanding of the process of monetary union" is clearly based on their own misunderstanding of the Maastricht treaty.

It is not true, as they say, that "all aspects of monetary union remain to be resolved". If they would take the trouble to read what they pronounce on so confidently they would find that all the important provisions of monetary union are set out in black and white in Articles 2 and 102-109 and in 12 protocols of the treaty.

Protocol 3 alone runs to nine chapters and 83 articles. It lays

down the operation and constitution of the European central bank, the handover of Britain's gold and dollar reserves, which belong to the British people (Article 30), the capital subscription (£700m in our case) (Article 28), the transition arrangements, including exchange and issue of bank notes (Articles 16, 52 and 53), membership of the Bank's executive board (Article 50), its governing council (Article 11), the Bank's responsibilities (Article 12) and so on.

Only the name of the currency and the location of the central bank were left open and these have now been decided.

In November 1991 a similar group of Confederation of British Industry executives wrote to The Times saying how important it was for Britain to stay in the

European exchange rate mechanism. A year later, after White Wednesday, they were writing to say how important it was to keep open an option to re-enter the ERM.

Four years on, after 800,000 lost jobs and £20bn of lost output, from which the UK is only now slowly recovering, they are at it again.

S.F. Bush,  
General,  
Millstone Close,  
Poynton,  
Cheshire SK12 1XS, UK

**From Mr Eric H. Dodson.**  
Sir, Mr Tony Hales and his fellow industrialists are right to warn against the dangers of the UK dragging its feet in the preliminary discussions on a European single currency.

It is relevant to recall the Messina conference of 1956 which led to the creation of the European Economic Community. The UK reluctantly attended this conference by sending an observer, a modest-ranking civil servant, Mr Russell Brotherton. He is recorded as using his few words of French on leaving the meeting to say "Monsieur le President, messieurs, an retard, et bonne chance".

It took the UK many hard years to jump on the already moving vehicle and thereafter to maintain a precarious hold. The same must not happen again.

Eric H. Dodson,  
The Knoll,  
27 Ladythorn Crescent,  
Bramhall,  
Stockport, SK7 2HB,  
UK

Happy returnees in Germany

**From Dr Elisabeth Marx.**  
Sir, Maybe your article "The pitfalls of an overseas posting" (September 6) should have had the title "How to play into the hands of your competitor".

The problems with returning international managers, as demonstrated in the US survey, are also evident in the UK. In our survey, in conjunction with the Anglo-German Foundation, only 36 per cent of 92 interviewed UK companies do guarantee a job on repatriation.

Moreover, only about 20 per cent of companies use a mentor scheme to help with the career

planning of their international managers.

German companies, in contrast, approach repatriation in a different way. Nearly 90 per cent of interviewed German companies in our survey guarantee a job on return from abroad. German companies seem more interested in keeping their international managers instead of losing them to their competitors!

Elisabeth Marx,  
NB Selection,  
54 Jeronya Street,  
London SW1Y 6LX, UK

Eurofighter no jobs winner

**From Dr P.M. Southwood.**  
Sir, Your article "Britain gives Eurofighter the go-ahead" (September 3) reports the Ministry of Defence as saying that production of the aircraft would secure 14,000 aerospace jobs in the UK. This contrasts with the widely quoted figure of 40,000 UK jobs in a British Aerospace advertisement carried by the FT on July 5 1995.

Six years ago I wrote a report, cited by your defence correspondent in an article "End of cold war spikes defence industry guns" (December 4, 1989), that this aircraft would

provide perhaps 18,000 jobs or less compared to 86,000 on Tornados (the latter being an official estimate of May 31 1976). To be 65 per cent wide of the mark on a job estimate would hardly be acceptable in an aerospace engineer. But if the aim was to "up-spike" the defence industry guns British Aerospace has scored a bullseye. Eurofighter is a fitting testimony to the lost cold war peace and our preparation for future war.

P.M. Southwood,  
305 Woodstock Road,  
Oxford OX2 7NY, UK

**CALL FOR TENDERS FOR THE SALE OF THE ASSETS OF "HADIATHANASSIADES BROS S.A. OF ATHENS, GREECE"**

ETHIKOS KEPHALLEOU S.A. Administration of Assets and Liquidation, of the Chrysothessalon St., Athens Greece, in its capacity as Liquidator of "HADIATHANASSIADES BROS S.A." company with its registered office in Athens, Greece, the "Company", previously under special liquidation according to the provisions of article 406 of Law 1892/1990, by virtue of Decision No. 2644/1995 of the Athens Court of Appeal, as modified by Decision 2280/1996 of the same Court, announces a call for tenders for the sale of the assets, as a single entity, of the company described below.

**BRIEF INFORMATION**

The Company was established in 1968. Its activities included the processing of olive pits into animal feed, the production of olive pits and vegetable, the processing and packaging of waste and generated oils. The company was declared bankrupt in 1991, while it was placed under special liquidation on April 17th, 1996, on the basis of the above mentioned Court Decision, as subsequently modified.

**ASSETS OFFERED FOR SALE**

The assets offered for sale as a single entity, include a rice processing unit (rice mill), a packed tomato, tomato paste and tomato juice production unit and a fruit and vegetable processing unit, consisting of a plant of total capacity 55,731 sqm, part of which is located within the city planning zone of the Community of Sotiros, Athens. The above units comprise several buildings the area of which amounts to approx. 29,000 sqm, machinery and mechanical equipment. Both the rice and the fruit and vegetable plants are currently leased out.

The assets also include the "HADIATHANASSIADES" real estate (leased out as a long term lease), the Company's registered office and any other assets as may be found to belong to the company.

**OFFERING MEMORANDUM - FURTHER INFORMATION:**

Interested parties may obtain the Offering Memorandum in respect of the Company and its assets upon signing a Confidentiality Agreement.

**TERMS AND CONDITIONS OF THE AUCTION**

1. The Auction shall take place in accordance with the provisions of article 406 of Law 1892/1990 (as supplemented by article 14 of Law 2202/91) and subsequently mentioned; the terms and conditions set forth herein and the "Terms and Conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submissions of intending offerors shall mean acceptance of such provisions and other terms and conditions.

2. Intending Offerors interested parties are hereby invited to submit binding offers, not later than Monday, October 7th 1996, 12:00 hrs to the Athens Notary Public Mr. Demetrios, 19 Vasilikon Street, Athens, Tel: +30-1-521.732, Fax: +30-1-36.21.111.

Offers should expressly state the offered price and the detailed number of installments, the down payment and the proposed annual interest rate, if any. In the event of joint offerors, (a) the way of payment, (b) whether the offered amount shall bear interest and (c) the manner in which it shall be repaid, should be stated; (d) the offered price is payable upon conclusion of the sale contract by the auctioneer (which shall be the latest time that the offers may be received) and from that date in full; (e) in all cases where the credit limit has been exceeded, this shall be calculated in relation to the outstanding amount and shall be payable on the date of payment of each instalment. Intending offerors shall understand that the above data shall not be accepted nor considered. The offers shall be binding until the adjudication. Submission of offers in favour of a third party to be concluded as an later stage shall be accepted under the conditions that express consent is made in this respect upon adjudication and that the offeror shall give a personal guarantee in favour of such third party for the completion of the obligations deriving from the sale contract.

3. Letters of Guarantee: Binding offers must be accompanied by a Letter of Guarantee issued in accordance with the sample Letter of Guarantee contained in the Offering Memorandum, by a bank

legally operating in Greece, to remain valid until the adjudication. The amount of the Letter of Guarantee must be valid until the adjudication. The content of the Letter of Guarantee must be DRS. KERYI MILETI (ENCL. 002/0003).

4. Letters of Guarantee shall be returned after the adjudication.

5. Intending parties wishing to inspect the assets with the Liquidator of the Company shall be accompanied by the Liquidator in his office, on Monday, October 7th 1996, 10:00 hours. Any party having duly submitted a binding offer shall be entitled to examine and sign the draft statement of the assets of the company.

6. A highest bidder shall be considered the participant, whose offer will be judged by an expert appraiser, over 5/8 of the claims against the Company (the "Officers"), upon recommendation by the Liquidator, to be in the best interests of all of the creditors of the Company. For the purposes of the auction, an offer to be paid in installments shall be assessed on the basis of its present value to be calculated by applying a 19% annual discount interest rate, compounded yearly.

7. The Liquidator shall give written notice to the highest bidder to appear on the date and place mentioned therein and continue the contract of sale in accordance with the terms contained in his binding offer and/or any other improved terms, which may be suggested by the Officers and agreed upon. In the event of the highest bidder failing to appear on the date and place mentioned, the assets of the Company shall be forfeited as a penalty. Adjudication shall be deemed to have taken place upon signature of the Auctioneer of Sale. All costs and expenses of any nature, including any tax (such as V.A.T.), duties, customs duties, any charges in favour of the state or third parties, which may need to be paid (other than those mentioned in the Offering Memorandum) by the participant in the Auction and the transfer of the assets offered hereby for sale, the sale contract, as well as any other set of costs or charges shall be paid in full by the participant at the time of the signature of the contract of sale, which shall be conclusively binding on the participant.

8. The Liquidator and the Officers shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to reject or cancel the Auction or any decision whatsoever in connection with the proceedings of the Auction. The Liquidator, the Company or the Officers shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall confer any right for this adjudication for the offeror and shall confer any right, power or claim from this Call and/or their participation in the Auction against the Liquidator and the Officers for any reason whatsoever.

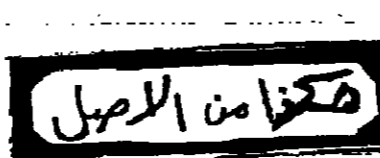
9. This Call has been drafted in Greek and translated into English. In any event, the Greek version shall prevail.

In order to obtain a copy of the Offering Memorandum and any further information, please contact the Liquidator "Ethikos Kefalalleou S.A. Administration of Assets and Liquidation", 94 Chrysothessalon St., Athens 10560, Greece. Tel: +30-1-521.14.54-7, fax: +30-1-521.73.05 (attention of Mrs. Maria Tsampanaki).

**ANNOUNCEMENT BY A THIRD PARTY**

The National Bank of Greece S.A. announces that tenders are invited for the purchase of a plot of land, corresponding to 3,000, 2,000, 4,000 and 2,500 sqm, each, included in the assets of the "HADIATHANASSIADES BROS S.A.". Individual companies or persons being sold as a single entity. Such tenders will be accepted only if accompanied by a bank guarantee in the amount of 10% of the price of the assets, as described in the above Sale Terms and Conditions. The terms of sale, described in the above Sale Terms and Conditions, shall be agreed to in writing by those submitting a tender. Tenders shall be submitted not later than Monday, October 7th 1996, 12:00 hours to the Athens Notary Public Mr. Demetrios, 19 Vasilikon Street, Athens, Tel: +30-1-521.732 and +30-1-36.21.732 upon written receipt. Please note that the present sale is not subject to the terms and conditions set forth in L.1892/90.

For more information and in order to obtain a copy of the Sale Terms and Conditions, please contact the National Bank of Greece, Real Estate Division 28, Solonos Street, Athens, tel: +30-210-4191 (attention of Mrs. E. Christodoulou).





MORGAN GRENFELL COMMENT & ANALYSIS

Man in the News • Peter Young

The star who fell to earth

Nicholas Denton and Motoko Rich on the disgraced fund manager

Peter Young, the fund manager at the heart of the Morgan Grenfell affair, trod the fine line between genius and eccentricity. A mathematician by training and a boffin by inclination, he impressed brokers and colleagues with the clarity of his thinking and his understanding of the high technology companies in which he invested.

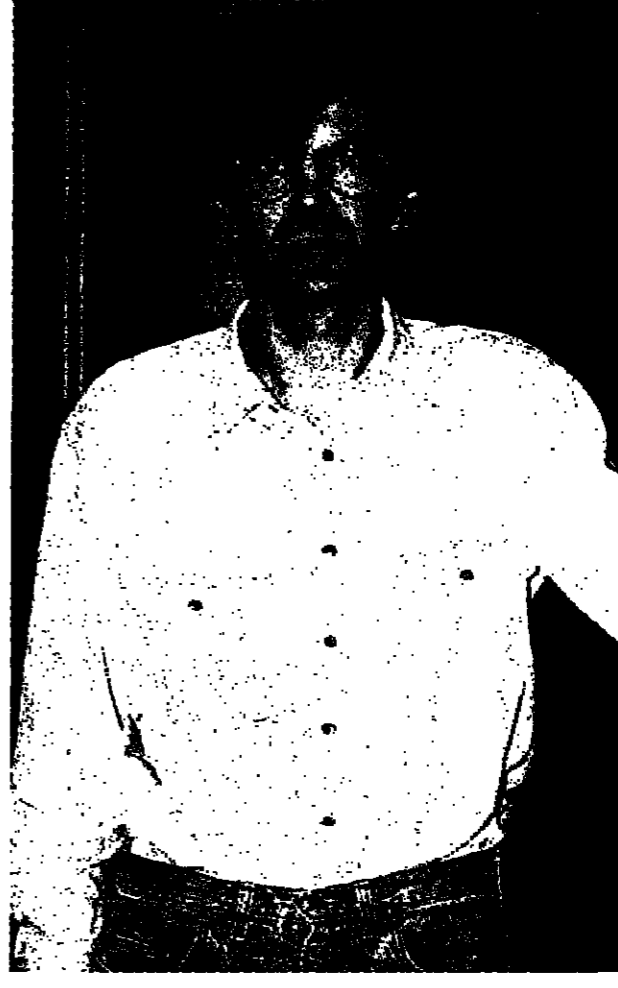
degree in mathematics. He studied to become an actuary from 1960, but the highly strung young man never qualified, and he abandoned the attempt in 1969.

In May 1994, the rapidly rising Mr Young took over the fund. The transition seemed smooth. European Growth continued to excel and persuade new retail customers to trust their savings to the fund. Mr Young brought new qualities: his technical grasp of new products earned him a reputation as one of the smartest investors in the high-technology companies.

the Science Museum. They all have an interest in steam engines. His salary and bonus, boosted by his funds' remarkable performance, was to allow him to sell his modest house in a row of terraces in Amersham, Buckinghamshire, and move into a newly built house costing £450,000 in a quiet close nearby.

which funds are closely identified with the personality of their manager. His behaviour had become increasingly bizarre: he talked to colleagues about his patent on a rocket launcher he had designed; and he developed a mathematical model to mimic the burrowing of termites.

asking whether he had had a brain scan. The worries grew when it became clear he had built up large holdings of obscure unlisted securities in European Growth's portfolio. Yet Morgan Grenfell Asset Management made no move to suspend Mr Young.



In the grip of a high-tech dream

FT reporters unravel the bizarre series of investments which lay behind the losses at Deutsche Morgan Grenfell's unit trust business - and how the truth was belatedly uncovered

quiet conversation between two smart-arsed businessmen on the flight from Schiphol airport in Amsterdam to London days ago attracted no attention from other passengers. Yet anyone watching closely might have noticed growing concern on the face of the man asking most of the questions.

Mr Glyn Owen, a fund manager employed by the long-established company of Morgan Grenfell Asset Management, took up most of the flight quizzing the intense, bespectacled figure beside him. The man was called Peter Young, and he was the star manager of one of the company's flagship unit trusts.

By 8p, when the two men parted company at Heathrow, Mr Owen was worried enough to head slyly for MGAM's imposing headquarters in Finsbury Circus, sleazy enclosure in the heart of the City of London.

As chief investment officer of the international division of MGAM, Mr Owen was Mr Young's direct boss - the two had it been on a visit to an investment fund in the Netherlands, yet on the flight to London, he had fixated on an extraordinary saga of deception and fantasy around the world involving £1.4bn of money invested by 90,000 investors.

ACity regulators and MGAM, assailed by legal and accounting firms probe Mr Young's actions, it is not yet clear why he acted in this way. But directors of Morgan Grenfell say that Mr Young devoted them not for personal gain but because of an eccentric belief that he was right to do so.

direct comparisons. Their funds' performance is monitored by consultants, and given a ranking each year. Mr Armitage's skills had made the European Growth Fund the number one among similar trusts.

Yet Mr Young had intense self-belief. He believed in his ability to pick fast-growing European companies the shares of which were likely to rise rapidly. He settled down to grow the fund, listening to suggestions from brokers trying to push shares and flying around Europe to visit companies.

Mr Young faced competition from at least 20 other comparable funds run by other unit trust managers. The most successful investors in unit trusts through independent financial advisers, flows are volatile. A fund manager who loses his edge will quickly see money withdrawn.

Like other fund managers, Mr Young worked in an atmosphere of cloistered calm compared with the trading floors of stockbrokers. He and the 50 staff in Mr Owen's international division worked quietly surrounded by piles of investment research.

MGAM is run by Keith Percy, an affable and soft-spoken figure bearing little resemblance to the stereotype of the arrogant fund manager. Mr Percy had been a talented fund manager himself and had a reputation for encouraging a collegiate atmosphere inside the company.

investors were pouring money into computer and technology companies. Star managers of the large US mutual funds - the equivalent of unit trusts - were placing bets on the rise of a new technology era.

Mr Young gradually raised the proportion of his fund devoted to European technology shares. He became an enthusiast for a number of small companies that were not making a profit, but which apparently had good prospects. It

could make the value of their shares rise sharply in the future. Sniffing out the potential of obscure new technologies was meat and drink to Mr Young, with his mathematical background. As he criss-crossed Europe by plane examining exciting new ideas, the European Growth Fund gradually started to change in its underlying character to a pure technology fund.

One of the shares on which Mr Young was keen was SinterCast, a Swedish "miracle" company that had developed a new system for casting engine blocks. It had not made a profit, yet Mr Young had bought its shares in October 1994. These were sold to him by Fiba Nordic Securities, a broking firm.

"I met Peter Young two or three times," says Bo Ramfors, SinterCast chairman. "We of course were extremely appreciative of him." Mr Ramfors says that had it not been for Fiba and its ability to place shares with Morgan Grenfell funds through Young, "we would not have existed today".

All these holding companies were registered at an office in the Grand Duchy of capital, near the maze of narrow streets that was the old town. It was merely an accommodation address, and the names of the companies did not appear among the 14 names of other companies listed on the brass plate by the door.

Fiba Nordic insisted its directors did not realise why Mr Young wanted to set up the companies. Stephen Chance, its managing director, says that it thought he might want these vehicles so that he could hide his legitimate buying of Scandinavian shares from other investors.

Mr Chance also says that it thought Deutsche Bank might be becoming more closely involved in MGAM, and Mr Young was using a time-honoured German practice of setting up Luxembourg funds to allow native investors to avoid tax. "It may have been stupid, but we accepted the explanations," he says.

The holding companies allowed Mr Young to edge into dangerous territory by pushing up his holdings in many of the Swedish and Norwegian companies he favoured. He fooled his superiors, including Mike Wheatley, MGAM's chief compliance officer, that his Luxembourg companies were real investments.

By the end of the year, many of the listed companies needed Mr Young's cash more than ever. In the US, the euphoria about the new technology age was fading, and shares had plunged. As the European shares followed the pattern, Mr Young appears to have invested ever more in loss-making, fragile companies.

Widespread doubts about the technology in the US ruled out a public offering of shares. But Fiba's directors had another idea. Although New Mexico was a long way from Europe - and thus of limited relevance to the average European Growth Fund - the directors put Solv-Ex in touch with Peter Young.

Mr Young was immediately enchanted by the technology. It made him stray further still from the job that he was supposed to be doing. In three tranches between January and March, he used his Luxembourg companies to buy virtually all of a \$70m placing of shares and bonds in Solv-Ex.

At the same time, according to Deutsche Bank directors, he was further extending his web of Luxembourg holding companies without his bosses' knowledge. Alarm bells finally rang in April, when Mr Young's activities breached yet another set of regulations, this time on unlisted holdings.

Unit trusts are only supposed to hold up to 10 per cent of their cash in "unapproved securities" such as unlisted shares. But by now unlisted holdings including the Luxembourg holding companies made up nearly 30 per cent of the European Growth Fund. This was too much for Mr Young's superiors.

Senior compliance officers raised questions, and he was instructed by Mr Owen and the management committee of MGAM to bring down the unlisted holdings to 5 per cent by the end of the year. He responded

by reshuffling holdings and using accounting tricks to make it seem he was complying. But while Mr Young's bosses were fooled, the deception started to unravel from elsewhere. On March 25, an article questioning Fiba's role in the Solv-Ex placement appeared in Barron's, the US magazine. Mr Chance of Fiba says he then alerted the Securities and Futures Authority, its regulator.

By the end of April, the SFA had started to delve into the mystery of where the Solv-Ex securities had been placed. The authority found the link to Morgan Grenfell Asset Management in July, and alerted Imro on July 15. The two regulators kept quiet until August, when the SFA found stronger evidence of what had occurred.

The SFA and Imro finally visited Morgan Grenfell on August 21, finding the management still unaware of what had gone on - despite the warnings of April. Imro monitoring officials had their first conversation with Mr Young on August 23, and his trading started to be examined on Tuesday of last week.

The following Thursday, Mr Percy told Mr Owen to quit him on their long-planned trip to Amsterdam. When Mr Owen returned to Finsbury Circus, they rang Mr Young at home and asked him to drive into the City. Mr Young was questioned through the night, with disquiet mounting steadily among his bosses.

Mr Percy handled most of the questioning himself in one of the meeting rooms at Finsbury Circus. Mr Young remained calm throughout, confiding to Mr Percy that every so often he felt "strange". The story that was unfolding was so appalling that Deutsche Bank had to step in.

When discipline breaks down

Timeline of events: 1994: Peter Young takes over European Growth Fund... 1995: Young sets up additional unlisted holdings... 1996: SFA and Imro pay joint formal visit to Morgan Grenfell... 1996: Deutsche Bank admits 'breakdown of controls and supervision'...

Timeline of events: 1996: Further questions about Young's investments lead to suspension of European Growth and two other MGAM funds... 1996: SFA steps up inquiries into Fiba Nordic and Solv-Ex... 1996: SFA, after detecting connections between Fiba Nordic and MGAM, starts investigation... 1996: SFA and Imro pay joint formal visit to Morgan Grenfell... 1996: Case is passed to Imro enforcement division... 1996: Glyn Owen, chief investment officer at MGAM's investment division, quizzes Young on flight from Amsterdam... 1996: Deutsche Bank injects £100m into affected funds to enable them to continue trading...

Timeline of events: 1996: Morgan Grenfell gains injunction freezing assets of Young and a Luxembourg registered company... 1996: Morgan Grenfell gains injunction freezing assets of Young and a Luxembourg registered company... 1996: Morgan Grenfell gains injunction freezing assets of Young and a Luxembourg registered company... 1996: Morgan Grenfell gains injunction freezing assets of Young and a Luxembourg registered company... 1996: Morgan Grenfell gains injunction freezing assets of Young and a Luxembourg registered company...

Written by John Gapper. Reporting by Roger Taylor, Nicholas Denton and George Graham in London, Hugh Carnegie in Stockholm and Neil Buckley in Luxembourg

Chronology by Nicholas Denton



CURRENCIES AND MONEY

MARKETS REPORT

Low impact

By Richard Adams

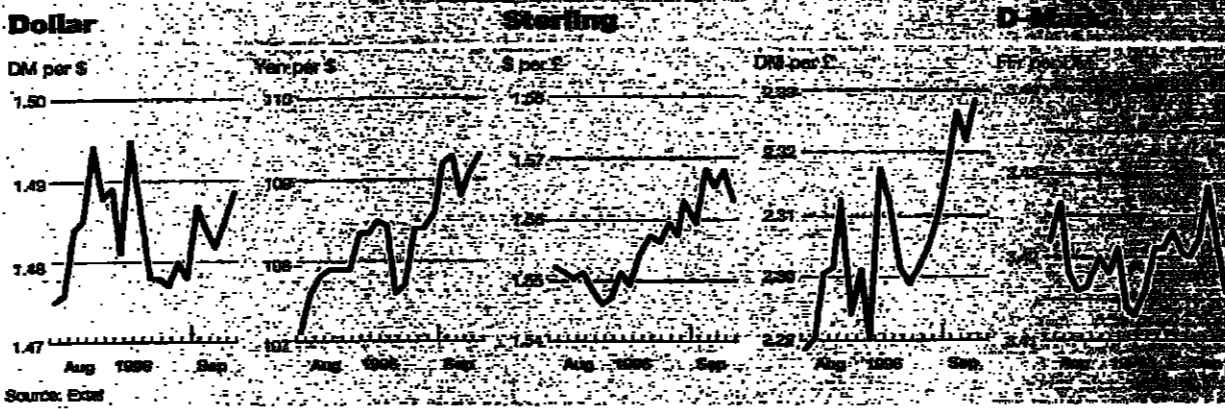
Lack of enthusiasm saw the US dollar remain quiet in trading on the foreign exchange markets yesterday, despite more evidence of a US economic revival. The latest US employment data showed growth in jobs to be slightly higher than market expectations. But dealers said the numbers had little effect on the dollar. The dollar ended the day in London firmer against the other major trading currencies. Against the D-Mark it finished the trading day at DM1.4888, having closed at DM1.4848 the previous day. Against the yen the dollar strengthened to ¥109.535, from ¥109.115, with technical support seen at 109.10 and resistance at ¥109.50. The D-Mark weakened slightly in Europe, but generally traded within tight ranges of exchange. It was

virtually unchanged against sterling, closing at DM2.3288 from DM2.3280. The exception was the Italian lira which enjoyed its second day of steady buying. Having closed on Wednesday at L1021 against the D-Mark, it finished the week at L1014. There was low-key intervention by the Bank of France, whenever the franc's rate against the D-Mark came close to FF3.4305

■ Pounds in New York

Table with 2 columns: Bid/offer, Prev. close. Rows for Sep 6, 1 month, 3 months, 1 year.

level. Yesterday the franc rose against the D-Mark to FF3.416, from FF3.422. US employment data showed that non-farm payrolls in August increased 250,000, compared to forecasts of 244,000. The August



unemployment rate fell to 5.1 per cent, against expectations of 5.3 per cent.

The real question in the market was the effect this further evidence of a growing economy will have on the Federal Reserve when it holds its next Federal Open Markets Committee (FOMC) meeting on September 24. The rise in interest rate futures seen in the second half of the week came as the markets priced in the strong economic data and the expectations of a rate rise of

around 25 basis points.

Mr Mark Cliffe, chief international economist at HSBC Midland in London, said: "I would be very surprised if there is a rise at September's FOMC, because it is too close to the election there."

Philip Shaw, chief economist at Union Discount in London, said: "Up until a couple of days ago the markets had partly priced in a rate cut, and now this has gradually been worked out."

Mr Shaw said he thought the evidence from the money markets was for two to three months of stable interest rates in the UK. The French franc and the lira benefited from the selling of D-Marks, the lira reaching its lowest level

since July on hints of low inflation and a rate cut in the pipeline.

Mr Cliffe said dealers were too bullish over the franc, especially now the general outlook of the French government's budget was known. "We know what to expect and in what areas, so we are thrown back onto the question of strike action," he said. The franc should stay locked into its narrow range against the D-Mark until further developments.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Country, Bid/offer, High, Low, One month, Three months, One year, Bank of England rate.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Country, Bid/offer, High, Low, One month, Three months, One year, JP Morgan rate.

CROSS RATES AND DERIVATIVES

Table with columns: Country, Bid/offer, High, Low, Est. vol, Open Int.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Bid/offer, High, Low, Est. vol, Open Int.

UK INTEREST RATES

Table with columns: Instrument, Bid/offer, High, Low, Est. vol, Open Int.

BASE LENDING RATES

Table with columns: Bank, Bid/offer, High, Low, Est. vol, Open Int.

WORLD INTEREST RATES

Table with columns: Country, Bid/offer, High, Low, Est. vol, Open Int.

LIBOR FT London

Table with columns: Instrument, Bid/offer, High, Low, Est. vol, Open Int.

EURO CURRENCY INTEREST RATES

Table with columns: Country, Bid/offer, High, Low, Est. vol, Open Int.

THREE MONTH EURO CURRENCY FUTURES (LIFE) DM1m points of 100%

Table with columns: Date, Bid/offer, High, Low, Est. vol, Open Int.

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THREE MONTH EURO CURRENCY FUTURES (LIFE) DM1m points of 100%

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UK INTEREST RATES

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BASE LENDING RATES

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Advertisement for Imperial Cancer Research Fund, featuring a photo of Zoe and text: 'Every day, we help thousands of people like Zoe fight cancer.'

Advertisement for Market-Eye, featuring a photo of a person and text: 'Give people with cancer a fighting chance...'

Vertical advertisement for UNIT TRUST, featuring a photo of a person and text: 'UNIT TRUST...'

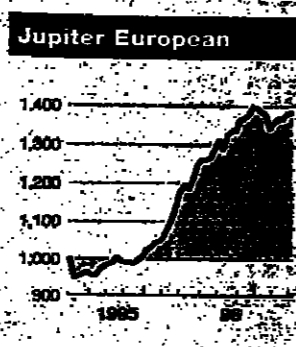


**UNIT TRUSTS**

**WINNERS AND LOSERS**

**TOP FIVE OVER 1 YEAR**

NatWest UK Smaller Cos	1,401
Jupiter European	1,365
Baring Europe Select	1,361
Mercury Recovery	1,337
Johnston Fry Smler Growth	1,336



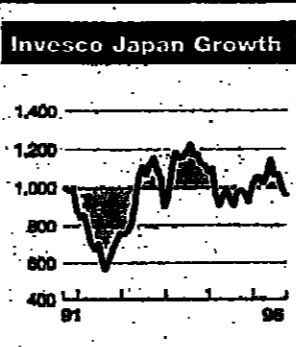
**TOP FIVE OVER 3 YEARS**

Proffice Technology	2,415
Baring Europe Select	1,920
Hill Samuel US Smaller Cos	1,871
Framlington Health	1,861
PM North America Growth	1,851



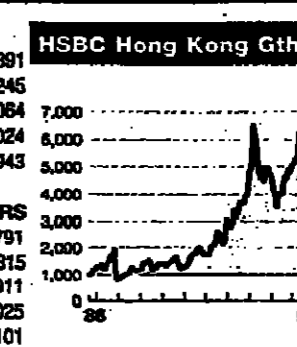
**TOP FIVE OVER 5 YEARS**

Proffice Technology	4,094
Mercury Gold & General	3,799
Gartmore American Emerging	3,706
Hill Samuel US Smaller Cos	3,447
Hill Samuel UK Emerging Cos	3,433



**TOP FIVE OVER 10 YEARS**

Friends Prov Australian	6,391
HSBC Hong Kong Growth	6,245
Gartmore Hong Kong	6,064
Gartmore American Emerging	6,024
Abbey Asian Pacific	5,943



**BOTTOM FIVE OVER 1 YEAR**

Old Mutual Thailand Acc	781
GT Korean Securities	783
Exeter Warrant	795
HL Warrant Portfolio	820
Baring Korea	825

**BOTTOM FIVE OVER 3 YEARS**

Sunwa Japan	685
Barclays Uni Japan & Gen Inc	687
Five Argen Japan	725
Connet Japan Growth	727
Fidelity Japan Smaller Cos	728

**BOTTOM FIVE OVER 5 YEARS**

Friends Prov Japanese Sm Cos	680
Barclays Uni Japan & Gen Inc	681
Invesco Japan Growth	689
Govett Japan Growth	687
Mercury Japan	685

**BOTTOM FIVE OVER 10 YEARS**

Barclays Uni Japan & Gen Inc	791
Mercury Japan	815
M&G Japan & General Acc	911
CU PPT Japan Growth	1,025
Invesco Japan Growth	1,101

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: HSW (01625 511311)

**Indices**

Amesbury Index	1000	1234	1293	2539	3.7
Amesbury Investment Index	300	325	360	400	3.3
Amesbury Property Index	1000	1100	1200	1300	3.0
Building Society	1000	1100	1200	1300	3.0
Stockmarket FT All Share	1146	1200	1271	2322	3.5
Amesbury	1000	1100	1200	1300	3.0

**UK Growth**

Jupiter UK Growth	1222	1734	2423	3.7	1.9	
Credit Suisse Fellowship Inc	1220	1674	2300	3.6	1.1	
Johnston Fry Smler Growth	1336	1556	2046	3.6	0.8	
Barclays Uni Latam	1182	1550	1686	2101	3.8	0.7
Sunwa UK Growth	1205	1621	2100	3.7	1.8	
SECTOR AVERAGE	1068	1298	1675	2552	3.6	1.9

**UK Growth & Income**

Credit Suisse Growth Port Inc	1102	1425	1898	3.5	1.3	
Mercury UK Equity	1112	1409	1895	3880	3.4	2.4
Cazenove UK Equity	1138	1406	1817	2.7	3.0	
Lazard UK Income & Growth	1088	1390	1744	2637	3.4	3.9
Proffice UK Bluechip	1122	1388	1882	3.5	2.9	
SECTOR AVERAGE	1068	1243	1598	2689	3.5	2.9

**UK Smaller Companies**

Hill Samuel UK Emerging Co's	1347	1763	3433	3.5	0.7	
INVESTCO UK Smaller Companies	1742	2417	2819	4.8	0.9	
Gartmore UK Smaller Companies	1736	2025	2911	3.9	0.5	
AES Smaller Companies	1283	1674	2288	3.6	0.8	
Credit Suisse Smaller Co's Inc	1189	1682	2323	4380	3.8	0.9
SECTOR AVERAGE	1129	1344	1908	2689	3.6	1.8

**UK Equity Income**

Jupiter Income	1185	1707	2707	3.6	4.2	
GT Income	1134	1488	2237	3458	3.4	4.0
Lezard UK Income	1101	1390	1788	3491	3.3	5.1
Morgan Grenfell UK Equity Inc	1089	1398	1982	3.1	3.8	
BWD UK Equity Income	1104	1392	1967	2421	3.5	3.9
SECTOR AVERAGE	1040	1204	1599	2724	3.4	4.8

**UK Equity & Bond Income**

Baillie Gifford Conv & General	1011	1297	2001	3.0	5.2	
Proffice Extranorm	1093	1291	1880	2798	3.0	4.5
CU PPT UK Equity & Bond	1117	1255	1828	2887	3.4	5.9
Cazenove UK Equity & Bond	1033	1214	1607	2421	3.8	6.2
Edinburgh City Distribution	1058	1214	1381	2344	3.7	4.1
SECTOR AVERAGE	1028	1127	1479	2304	3.5	5.7

**UK Fixed Interest**

Abnott Fixed Interest	1124	1199	2075	2574	2.4	9.2
Framlington Convertible	1088	1197	1385	2351	2.6	5.8
Britannia Gilt & Fixed Inc Inc	1029	1144	1312	1.7	8.5	
Thornion Preference Inc	1027	1142	1727	2231	2.2	6.7
Exeter Zero Preference	1027	1139	1674	1.7	-	
SECTOR AVERAGE	1024	1098	1482	2010	2.0	6.8

**UK International Equity Income**

Pembroke Equity Income	1105	1315	1741	2327	2.9	4.7
Martin Currie Int'l Income	1091	1201	1638	3.2	3.7	
M&G International Income	1048	1173	1770	2570	2.7	4.5
GEM Dolphin Int'l Gth & Income	1013	1184	1684	2092	3.1	3.2
GT International Income	1083	1163	1911	2825	2.7	3.0
SECTOR AVERAGE	1041	1162	1706	2207	3.0	3.8

**UK International Fixed Interest**

Baring Global Bond	1089	1121	1829	1.8	6.5	
Thornion Dredner Europe Bond	1048	1116	1.8	5.7		
Barclays Uni European Bond Inc	1085	1111	1.3	6.8		
Mercury Global Bond Acc	1017	1082	1566	1.7	5.7	
TSB International Income	1016	1090	1409	1.8	4.7	
SECTOR AVERAGE	1004	1025	1418	1670	1.8	5.4

**UK International Equity & Bond**

Newton Intrepid	1085	1433	1.7	-		
NPI Worldwide Income Inc	1100	1313	1778	2.9	1.4	
Gartmore PS Long Term Balance	1103	1301	1787	3.0	3.1	
Cazenove Portfolio	1075	1294	1721	2.8	2.3	
Templeton Global Balanced Acc	1008	1288	1747	2.8	3.2	
SECTOR AVERAGE	1047	1177	1578	2320	2.7	2.7

**UK International Growth**

Proffice Technology	1135	2116	4094	5902	5.9	-
Framlington Health	1321	1961	2578	6.4	-	
Save & Prosper Growth	1307	1598	2504	3631	5.9	1.7
HTR Global Technology	854	1532	2811	4911	6.5	-
Scott Equitable Technology	1047	1527	2185	4265	4.0	0.8
SECTOR AVERAGE	1040	1204	1683	2398	3.8	1.0

**UK Far East inc Japan**

Schroder Far East Growth Inc	996	1297	2119	6.0	-	
Abnott Pacific	1011	1237	2112	4075	4.9	0.3
Govett Greater China	1037	1235	2051	3134	5.8	0.2
Perpetual Far East Growth	1014	1215	2302	3711	5.0	0.8
GAM Far East Inc	976	1177	1923	4.8	0.2	
SECTOR AVERAGE	978	1081	1750	2533	5.3	0.6

**UK Far East exc Japan**

HSBC Hong Kong Growth	1209	1515	3194	6245	9.0	1.1
Schroder Pacific Growth Inc	1011	1422	2841	7.9	0.6	
GT Orient Acc	1270	1399	-	7.8	0.2	
Friends Prov Australian	1110	1384	1948	6391	5.9	-
Old Mutual Thailand Acc	791	1346	2851	10.4	1.1	
SECTOR AVERAGE	987	1222	2292	4486	7.2	0.7

**UK Commodity & Energy**

Save & Prosper Gold & Exp'n	1249	1787	2768	2526	9.6	-
Mercury Gold & General	1055	1725	2799	6.4	0.3	
Waverley Australian Gold	1081	1453	3048	1387	11.0	-
M&G Commodity & General	1088	1445	1953	3249	5.4	0.3
M&G Gold & General	1184	1441	2413	2185	8.3	-
SECTOR AVERAGE	1102	1401	2215	2850	6.9	0.9

**UK Best Peps**

Morgan Grenfell Europa	1211	1906	2923	4.4	-
Jupiter European	1385	1961	2616	3.5	-
INVESTCO European Small Cos	1934	1793	2279	3.2	-
HTR European Value	1173	1774	2546	4.0	1.2
Old Mutual European	1277	1765	2873	5.2	0.1
AVERAGE UT PEP	1072	1275	1703	3.3	3.1

**UK Money Mkt**

Newton Cash Acc	1046	1137	1282	0.2	5.2
M&G Treasury	1048	1137	-	0.1	5.5
Midland Money Market	1081	1136	1270	0.2	4.7
CU Deposit	1046	1134	1274	0.0	5.1
Fidelity Cash	1049	1131	1278	0.2	5.2
SECTOR AVERAGE	1039	1123	1282	0.2	5.1

**UK Investment Trust Units**

Quilter Investment Trusts Inc	1119	1355	2105	3.8	0.6	
Exeter Fund of Investment Tsts	1045	1282	1932	4.4	0.5	
Equitable Trust of Invest Tsts	1069	1281	1958	3765	3.7	1.3
M&G Fund of Investment Trusts	1042	1268	1768	3259	4.0	2.0
Stewart Ivory Investment Trust	1034	1256	-	3.9	0.7	
SECTOR AVERAGE	1025	1209	1704	2806	3.7	2.3

**UK Fund of Funds**

Portfolio Fund of Funds	1057	1392	2040	3.1	0.6	
Morgan Grenfell Managed Inc	1068	1328	1831	2.7	2.0	
Fidelity Moneybuilder	1078	1303	1857	3.1	-	
Britannia Managed Port'fo Inc	1069	1293	1953	3.4	1.4	
Save & Prosper Masterfund	1068	1285	1733	2365	2.8	0.9
SECTOR AVERAGE	1038	1180	1642	2265	3.0	1.9

**UK Financial & Property**

Save & Prosper Financial Secs	1240	1574	2446	3246	3.9	0.8
Barclays Uni FTSE 100	1165	1448	1965	2108	3.9	2.9
Framlington Financial	1146	1397	2088	2.9	0.5	
Hill Samuel Financial	1130	1276	1976	3140	3.7	1.8
Norwich Property	1081	1209	1291	1.7	5.5	
SECTOR AVERAGE	1100	1280	1848	2713	3.1	2.9

**UK Global Emerging Mkts**

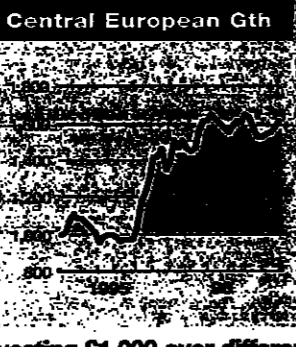
Stewart Ivory Emerging Market	1099	1292	-	6.0	0.8
Mercury Emerging Markets	1128	1226	-	6.3	0.1
City of London Emerging Mkts	1182	1198	2796	5.7	-
Johnston Emerging Markets	944	1049	-	6.3	0.3
Gartmore Emerging Markets	934	910	1295	6.2	-
SECTOR AVERAGE	975	1065	1876	6.2	0.4

**INVESTMENT TRUSTS**

**WINNERS AND LOSERS**

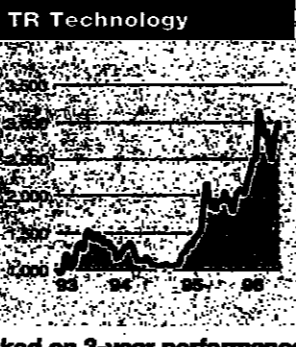
**TOP FIVE OVER 1 YEAR**

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TR Technology	1,365
East German	1,361
Baillie Gifford Japan	1,337
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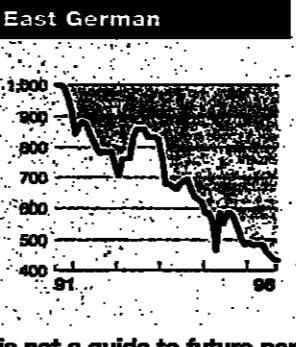
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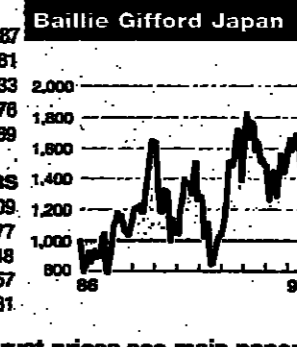
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**TOP FIVE OVER 10 YEARS**

...	6,391
...	6,245
...	6,064
...	6,024
...	5,943



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

**UK General**

Finlay Trust	1181	1717	2351	10	4.3	2.3
Mersey Keystone	1172	1677	2297	3	4.8	2.7
Finlay Growth	1116	1504	2308	7	4.0	2.7
Fleming Clearhouse	1217	1472	1800	-1	6.0	2.7
Fornth & Colvile PEP	1083	1382	-	-4	3.8	3.5
SECTOR AVERAGE	1105	1370	1898	-	4.3	3.0

**UK Capital Growth**

Well Industrial	1208	1708	2031	28
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Authorised Unit Trusts

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4878 for more details.

FT MANAGED FUNDS SERVICE

AUTHORISED UNIT TRUSTS

Table listing various unit trusts with columns for Name, Type, and Price. Includes sub-sections like 'Bank of Ireland Fund Mgrs Ltd', 'Commonwealth Unit Trust Mgrs Ltd', etc.

Need facts and figures in a hurry? We can track down the information you need. Includes a list of services (Competitors, Markets, Customers, Background Research) and a contact form.

Continuation of the FT Managed Funds Service table, listing more unit trusts and their details.

Guide to pricing of Authorised Unit trusts. Explains how to interpret the pricing information in the table, including terms like 'Initial charges', 'Selling price', and 'Forward pricing'.

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معلومات التمويل



# Weekend FT

## The long march from man to myth

Two decades after the death of Mao, Tony Walker looks at how he has 'survived' death and assaults on his reputation

All are past and gone!  
For truly great men  
Look to this age alone.

**M**ao Zedong, as poet, reserved for himself the most glorious position in the pantheon of Chinese leaders in his work *Shao*, placing himself above all the emperors, brutal and benign, who had come before him.

It may be hard to credit given the monumental changes which have taken place, but it is just two decades since an illness-wracked Mao Zedong breathed his last behind the great vermilion-coloured walls of the Chinese leadership compound in central Beijing.

As his personal physician reported in a recently published account, Mao died at 12.10am on September 9 1976, his body ravaged by a "multitude" of diseases. His life-long addiction to cigarettes had destroyed his lungs. He had also succumbed to motor neurone disease which had left him paralysed and disfigured. Long before rigor mortis set in Mao had been reduced to a corpse-like state.

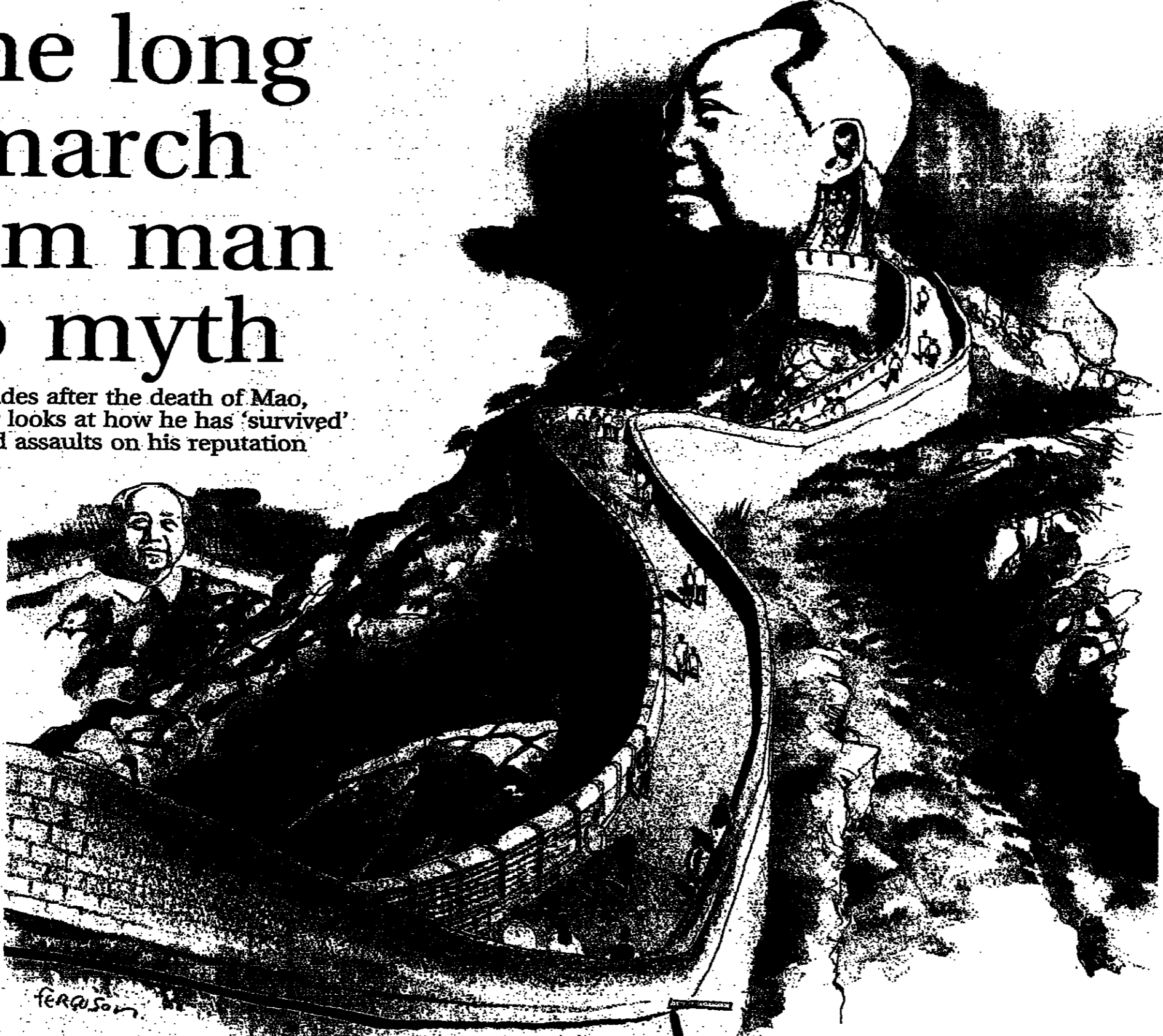
In death, the leader of the Chinese revolution, the "great helmsman" of fevered imagination, was somehow diminished. The "immortal" was rendered mortal, an illusion of invincibility was punctured. And yet, 20 years later Mao has somehow "survived" his death, and become a still-moving myth, an unsolved mystery and a marketing strategy.

Mao's "reincarnation" almost certainly owes as much to his peculiar hold on popular imagination as a larger-than-life figure as it does to a deeply ingrained Chinese belief in an all-powerful leader.

For better or worse Mao, in all his manifestations - revolutionary scholar-poet, Machiavellian plotter, sex-obsessed and ruthless manipulator - was not outside the mainstream of traditional Chinese rulers from imperial times.

In the years since his death, the world and the Chinese in particular, have been treated to an ever-changing picture of Mao, like a kaleidoscope which portrays its subject in different guises and colours. Thus, we have known a "Mao for all seasons", an "EveryMao", in the words of Australian sinologist Geremie Barme in his recently published *Shades of Mao: The Posthumous Cult of the Great Leader*.

"The story of Mao since his death is layered and complex," says Barme. "Mao is a brandname and marketing play. He is an element of contemporary Chinese packaging. The party uses its association with Mao to val-



ditional Chinese rulers from imperial times. In the years since his death, the world and the Chinese in particular, have been treated to an ever-changing picture of Mao, like a kaleidoscope which portrays its subject in different guises and colours. Thus, we have known a "Mao for all seasons", an "EveryMao", in the words of Australian sinologist Geremie Barme in his recently published *Shades of Mao: The Posthumous Cult of the Great Leader*.

"The story of Mao since his death is layered and complex," says Barme. "Mao is a brandname and marketing play. He is an element of contemporary Chinese packaging. The party uses its association with Mao to val-

date its nationalist stance. He has been reborn as part of the landscape. All this is a long way from when I first arrived in China as correspondent in the late 1970s at a time when the country, and particularly the Communist party, wrestled, in the shadow of the Cultural Revolution, with its "good-Mao, bad-Mao" dilemma. In the end it came up with a formula to assess the Mao years which was as banal as it was unconvincing. Mao, the party decided, was 70 per cent good and 30 per cent bad, but this barely masked bleaker impulses below the surface.

During the "democracy wall movement" which helped spawn a brief flowering of relatively free expression in 1978-79 known as the

"Beijing spring", Chinese would raise five fingers when reference was made to the so-called Gang of Four, which officially included Mao's widow - the "wicked witch" of contemporary mythology. The gang was convicted in 1981 for allegedly heinous crimes against the Chinese people, but many believed Mao himself should also have been in the dock.

Fifteen years later a reprocessed, re-packaged Mao appears somehow to have escaped history's darker coils, despite folly on an almost unimaginable scale - even by destructive Chinese standards. Jasper Becker in his recently published *Hungry*

*Ghosts: China's Secret Famine* records that as many as 90m people died in the famine which followed the Great Leap Forward of the late 1950s, when the forced collectivisation of agriculture caused one of the greatest tragedies in human history. Mao himself was largely responsible for what some might regard as mass institutional manslaughter but, so far as is known, he never uttered a word of remorse or self-doubt about the destructive policies he had initiated in the name of the revolution.

Since the authorities do not permit open debate about the past, fearing this would reopen wounds and reflect negatively on the Communist party, it is hard to judge how Mao's reputa-

tion might survive the rigorous academic scrutiny it would receive in the west; but among ordinary Chinese he appears to be regarded with a mixture of fondness, awe and superstition. How else might one explain the fact that thousands of drivers across China hang Mao's portrait from their rear vision mirrors as a guardian god or good luck charm? This practice was inspired by a story, apocryphal or otherwise, describing a traffic accident in southern China in which the driver of the car with the Mao talisman emerged unscathed while the driver of the other vehicle was killed.

Reverence for the memory of Mao, or the "MaoCraze" as it is sometimes described

in Chinese, continues to inspire acts of devotion, even madness, which might not be out of the place among the nihilistic fringe cults of California. Thus, in 1993 on the 100th anniversary of his birth several workers at a factory in Sichuan province, despairing of the capitalist-style management of the modern period,

Continued on Page II

### CONTENTS



Fashion: Tunics are the tops for the Nineties V

Travel: A three-page special on south-east Asia DC-XI

Food and Drink: Home-brewing - the FT introduces Bracken Ale XII

Sport: Legacy of the Olympic Games for athletics VIII



Perspectives: The enigma at Carlton II, III

How To Spend It: Brussels watches the world go by IV

Property: Patience and the quest for a piece of Prague VI, VII

Beetles: One-legged and on a tightrope XIII

Arts: XIV, XV  
Arts Guide: XVII  
Books: XVIII  
Bridge, Chess, Crossword: XXV  
Fashion: II, III  
Food & Drink: XI  
How To Spend It: IV  
Motoring: VIII  
Perspectives: II, III  
Property: VI, VII  
Science: I  
Small Businesses: I  
Sport: VIII  
Travel: IX-XI  
Weekend Investor: XIX, XX



Joe Rogaly

## Blair's White House envy

New ways of treating the voters as fools

**P**resident Clinton bombards Iraq, John Major and Tony Blair bark in support. It is election time on both sides of the Atlantic. You may need to kill a few people on network TV to stay president, but how do you get to be prime minister? Neither Mr Major, who has the job, nor Mr Blair, who seeks it, enjoys the luxury of an excuse to fire cruise missiles at a convenient enemy. They are obliged to find other ways of treating the voters as fools.

The prime minister has chosen greed and fear. The Conservatives will cut income tax and try to frighten the electorate by drawing devil-eyes over Labour. Mr Blair is subtly itself. He grants us our fear a warm puppy like him. Instead, we are to admire how pro-business, how market-friendly, how unthreatening is his mien.

He walks on his hind legs, tongue hanging out, tail wagging, hoping to please even our fattest cats. To

misquote Dr Johnson, it is done well, but it is remarkable that it is done at all. We shall have to endure this holism for a while yet. The US vote in November, Britain when the government thinks best. Mr Major has until May to make up his mind. Very young children, sitting on their parents' knees, will giggle if you try to convince them that this "democratic process" makes a difference to the price of toilet paper.

In Britain, it has become customary to rehearse the similarities between Mr Clinton and Mr Blair, and almost obligatory to forecast victories for both of them. (In the US British elections are not noticed.) How alike are they? Mr Clinton was a state governor before he ran for US chief executive. Mr Blair has held no office.

The pair have mastered the art of peddling abstract promises to a public that suspects all sales patter but often buys anyway. Grim. Turn right. Rename. Sell. These are the four key elements of any manual of how erstwhile champions of the left may succeed in politics in the Anglo-Saxon world.

One possible difference may be important. No thread of enduring principle can be discerned in Mr Clinton's track record. He signed away 60-year-old welfare provisions for the poorest citizens to appease the right - then, to soothe the left, intimated that he will veto any proposal to "impose on Britain other countries' social security systems or co-determination in the

truth. This awful prospect is beginning to disturb those in his party who cling to the touching delusion that 1990s politicians of the so-called left are in business to help the underdog.

Dream on, old-timers. New Labour said again this week that it proposes to be fiscally tight-fisted. It will "ensure" low inflation, promote small business, cut the lowest rate of income tax, and eschew "penal" rates at the high end. It will sign the social chapter of the Maastricht treaty, but Mr Blair intimated that he will veto any proposal to "impose on Britain other countries' social security systems or co-determination in the

bedroom". There will be a minimum wage, set "in consultation with business". In short New Labour offers a conservative programme, as do the 1996 Democrats. This should please the majority, composed of those who are comfortably-off, plus those who aspire to comfort.

Why, then, do some of us squirm? Two decades ago many people, myself included, began to regard the Labour party as a lost cause. In thrall to the trade unions, it moved steadily leftwards. We looked forward to its replacement by a party of the centre. The road has been long and tortuous, but New Labour is indeed shouldering aside its previous manifestation.

Its relationship with the unions is at arm's length, as is the Democrats' with their US equivalent. New Labour welcomes private enterprise, promises no nationalisation, occasionally outflanks the Tories from the right. The message of the fall of the command economies has been received and, albeit fit-

fully, understood. The losing politics of the 1980s has been replaced by the potentially winning formula of the present decade. So, again, why the unease?

It is one thing to trim to win, quite another to stay trimmed when in power

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PERSPECTIVES

# The Nature of Things The curse of the corn-borer

Clive Cookson on problems posed by the first genetically engineered maize harvest

Out in the US corn belt, farmers are preparing to gather in a historic harvest - the first containing commercial quantities of genetically engineered maize. Four hundred thousand acres of the crop contain a gene, derived from bacteria, that protects it against a devastating pest, the European corn-borer.

Meanwhile in Europe, the same maize variety is at the centre of a regulatory battle. Its creator, the Swiss chemicals group Ciba, is fighting to convince the EU authorities that it poses no environmental or safety risk.

EU regulatory committees have so far refused to approve the Bt maize - so called because it produces an insecticidal toxin from *Bacillus thuringiensis*, a common soil bacterium. Their attitude has taken Ciba by surprise after the smooth ride it received from the US and Canadian authorities.

Surprisingly, the most vocifer-

ous objections have come from the UK - a country not noted previously for its regulatory hostility to biotechnology.

Some environmentalists campaign on principle against any release of genetically engineered organisms, arguing that the technique's safety has not been proved. And they oppose Bt crops on the grounds that they will add to the evolutionary pressure on insects to become resistant to the toxin, which is used widely as a bio-insecticide.

But the scientists on the UK Advisory Committee on Novel Foods and Processes are not objecting to the functional Bt

gene that enables plants to kill corn-borer larvae. They are worried by another gene that is transferred to the crop at the same time: a so-called "marker gene" that confers resistance to ampicillin, a common antibiotic.

This gene is present for technical development reasons. An early step in the production of Ciba's maize involves multiplying millions of copies of the Bt gene in bacteria; by joining the resistance gene to it, the company's scientists can treat the bacteria with antibiotic to kill off the ones that do not contain the new gene.

Although the bacterial marker

gene is not active in the maize itself, the UK regulators are concerned about what might happen when the raw crop is fed to farm animals. They say there is a risk that the gene could be transferred to the many bacteria that live inside the animals' guts - and exacerbate antibiotic resistance, which is already a serious problem both in veterinary medicine and in human health.

Ciba's scientists reject the idea that there is any significant risk of the resistance gene jumping into gut bacteria. Besides, they say, even if the transfer did occur, more modern antibiotics would be available to treat am-

picillin-resistant infections.

At the same time, the company emphasises the advantages to farmers of a new weapon against a pest that destroys 7-10 per cent of the European maize crop in an average year (and as much as 20 per cent during years of severe infestation in southern parts of the continent). Conventional insecticides are difficult to use against the corn-borer because its larvae are only vulnerable for about two days while they are on the outside of the plant; they then bore into the maize stalks.

But other companies are following Ciba's path in developing Bt maize - and their varieties do

not necessarily include the controversial ampicillin gene. Although all require an antibiotic marker gene for their development, this is not always transferred intact into the maize, as in Ciba's case. For example, Zeneca, its UK competitor, has selected a maize variety in which the ampicillin resistance gene was disrupted during the genetic engineering process. Developers can also choose an antibiotic that is medically less important.

The most interesting case is Sandoz, another Swiss chemical group, which is merging with Ciba to form Novartis, a giant new bio-science conglomerate.

Sandoz's Bt maize, which does not include an ampicillin resistance gene, received marketing approval in the US last month and has been submitted to the European authorities. Despite the impending merger, Ciba and Sandoz are proceeding independently and refusing to discuss each other's products.

Meanwhile, the European Commission is still trying to make up its mind whether to approve Ciba's Bt maize. If it fails to give its approval before imports of US maize reach Europe during the winter, there could be an embarrassing trade dispute. Since the Bt maize is not marked in any way, it will not be distinguishable from the remainder of the US crop. Therefore, the EU would be faced with a choice between banning all US maize and permitting the import of a crop that European farmers are not allowed to grow. Both choices seem politically unacceptable.

Minding Your Own Business

## How to put mother to eco-rest

Grania Langdon-Down finds out about do-it-yourself funerals

The coffin was laid in the back of the estate car, and family and friends set off for the crematorium. They would have preferred a burial in the garden but Barbara Butler's mother had said she would rather be cremated.

Butler was determined that this was how her mother's funeral should be. She was adamant that she did not want to call on strangers and had spent years planning how to do-it-herself.

When her mother, partly paralysed after a stroke, became very ill in 1992, Butler feared she might die. She began investigating how much of the funeral process she could handle herself, but found no one would help her.

"My mother recovered but I decided I would not be caught out again. I spent a lot of time and energy researching the funeral business - where you could get coffins, what you could do legally."

"When my mother died, in 1994, we did everything ourselves. With the help of some friends, we laid her out at home and I took her in her coffin in the back of my estate car to the crematorium."

Butler, 67, is the former director of the school of social work at University College Cardiff and a Jungian analyst who believes passionately that everything that happens has a reason and a meaning.

The research before her mother's death encouraged and enabled her to set up the Independent Funerals Advisory Service to help people wanting a "do-it-yourself" funeral or help in negotiating with undertakers.

"At that time, coffin manufacturers would not sell you one because they would have lost trade from conventional undertakers. But I finally found someone in Somerset who was prepared to sell me one for my mother," she said.

"I then discovered a variety of 'green' coffin makers, some using biodegradable cardboard. I started supplying them to people who contacted the advisory service."

Her next step was to open the UK's first shop selling coffins, shrouds and body bags over the counter in Williton, Somerset, in the spring of 1995.

"With all the publicity over the shop, people were asking me to help with their own or a relative's funeral. But I wasn't an undertaker, I was a psychotherapist and academic," Butler said.

"Then a man called Steve Nutt rang me from Newport in Wales where he had worked as an undertaker. He had become so upset by the high-pressure selling in what had become a very competitive market that he gave up his job."

After much discussion, Butler and Nutt, 42, decided to go into partnership as Green Undertakings in September 1995 and he moved to her home village of Watchet, Somerset, with his wife, Sue, and five children, aged between 13 and 22.

In January, they set up their business in the former doctors' surgery in Watchet, followed by a small office in Taunton, run by Nutt's oldest daughter, Julia, and her boyfriend, Steve Harley, an experienced undertaker. They also have bases in Williton and Bristol.

They offer a complete funeral service, place of rest, storage and care of the body anywhere in south-west England from Gloucester to Dorset and Cornwall.

Nutt said: "We are prepared to travel much further and offer a much broader range of services than many funeral homes and the number of inquiries we are getting is growing incredibly."

"Even if we are not yet taking loads of funerals, we are making people aware that you do not need to spend thousands of pounds to prove you loved the person who died."

They recently launched Martha's Funerals, which uses only female staff, to provide services such as laying out the corpse to a full funeral with women pallbearers and hearse drivers.

"Under old village arrangements, it was always women who did the laying out. This service will reassure many women, whether elderly and alone or active feminist, who would prefer all or part of their funeral needs to be met by other women," Butler said.

"In line with her belief that death needs to be de-mystified, Butler also offers made-to-measure, castle-shaped coffins which can be used as coffee tables, window seats, blanket boxes or display cabinets until required."

"We had two ladies from Devon who came to be measured for their coffins which they intend to use as bookshelves in the meantime," she said.

One of their biggest expenses has been buying a hearse for £750, which needed another £500 spent on it. Keeping their vehicles on the



Green Undertakings: the death of Barbara Butler's mother spurred her to set up something different in funerals

road costs about £500 a month in petrol and expenses. They have also had to buy trolleys, stretchers and embalming equipment.

Other expenses include the rents and business rates on their two properties, which run at about £1,500 a month, and keeping £2,000-£3,000 worth of coffins in stock.

Butler said: "We probably put up £20,000 capital and are turning over £3,000-£4,000 a month. We are doing an average of one or two funerals a week and send out information on our services to about 15 to 20 people a week."

"Quite a few people have asked about pre-payment arrangements

and we are setting up a separate trust for the money."

Butler and Nutt employ six regular members of staff, mostly family who draw what money they can, rather than take salaries. They call on temporary staff as required.

Death remains big business. A survey by the Manchester Unity Friendly Society found that the national average cost of a funeral and burial is about £1,500, with the average cost of cremation being around £1,100, including fees for the doctor, cemetery, minister.

Butler said their average inclusive cost was about £700. Their basic charge was £430 - less than

the Department of Social Security grant of up to £500.

"This is not because we cut down on quality - it is because we charge only for the work we do. We also provide information about all the options that are open to people, such as DIY funerals and woodland burial sites."

Butler is enjoying her third change of career. "The funeral business has proved a natural progression from social work and psychotherapy, where I was always dealing with a lot of unfinished grief. Being directly involved in the reality of death is enormously healing."

Dispatches / James Henderson

## Papa and the birdman

As a leading tourist town, Key West has more than its fair share of embarrassing T-shirts. I found them leaping out at me along Duval Street, that thoroughfare of mopeds, trolley-buses and pastel-fronted bars: "It's not a bald spot. It's a solar panel for a sea-machine!", "Save the Babel - Endangered Species" (a reference to the sales of marijuana that regularly drift on to Florida beaches); and "We don't care how they do it up north!"

But then there was one I liked: "Get a change of Latitude. Come to Key West." Understated, somehow, among the insistent exclamation of the others. The latitude refers to the fact that Key West is the most southerly town in the continental US, on the last of the fingernail chain of islands which tapers south and west from the tip of Florida.

It is easy to like Key West. It is particularly popular with writers and artists, who have formed a fringe community away from the cold and the constraints of the north. There is also a strong gay scene, so they all mix rather oddly with the "Conchs", the natives of the Keys (called after the oversized molluscs, their food). The Conchs are traditionally working men - shrimpers and fishermen now, cigar-rollers and wreckers in the past.

Island fortunes tend to go in waves, of course, but for a while shipwrecks made Key West the richest place per head in the whole of the US. Testament to those days remains in some magnificent wooden buildings. Now, riding the crest of the tourism wave, the houses have been restored and have been turned into excellent places to stay and to visit.

The best known writer to live in Key West (there have been seven Pulitzer prize-winners in all) was Ernest Hemingway, who spent 12 years there and wrote over half of his works here. His magnificent Spanish colonial-style house is on view, all french windows and vast wrap-around balcony, and his studio, with fish and big game heads on the wall, books and a cigar-maker's chair, uncomfortable especially to keep him alert.

About the house are portraits of Hemingway the hunter, the fisherman, the skier, the man wounded in

battle. "Hell, he really lived life to the fullest, didn't he," said an admiring voice behind me.

I'm not sure if I would have liked to meet "Papa" Hemingway. I imagine him in one of the bars in town, bullish after 500 words well written (his daily ration) or a martinis kill. There are a few people who sport Hemingway beards around Key West, particularly in July when there's a Hemingway lookalike and talent contest.

In the Florida way, his favourite haunts are now Hemingway-theme bars. Sloppy Joe's, and the original Sloppy Joe's (round the corner), have on a Saturday night with revellers, all looking slightly distressed after too much tropical sun. (Most of the local fishermen have left for bars down by the port area.)

Another American hero to whom a house in Key West is dedicated is John James Audubon, equally a wild man on the fringes of society. Audubon came to Key West in 1832 in search of birds to paint as he completed his massive *Birds of America*, in which the 435 American birds were depicted life-size for the first time.

The Audubon House is a memorial to the man rather than his place of residence, but it is one of the classic Key West houses, built by a master-wrecker in the 1840s. It has the high ceilings and large doors that encourage a breeze, large sloping verandas and is furnished with 19th century antiques. It was also the first to be restored in the recent reconstruction of Key West.

Audubon would go out before dawn and he in wait for his subjects, observing their habits and then shooting them. He would stuff them and draw them in the garden where the house stands now. There are a number of Audubon originals in the house - a green-shank marching long-leggedly past the battlements of St Augustine, peregrine falcons making a kill and a trio of blue jays stealing eggs.

And there are some that he drew in Key West itself - a pair of Key West doves and, the best known, the roseate spoonbill in a flurry of activity at a water's edge. I came away from Key West with a poster of Audubon's birds rather than a T-shirt.

Continued from Page 1

committed suicide in the belief they would join Mao in the netherworld to continue the revolution.

Mao also lives on in earthy street sayings, crude jokes and poetic parodies which are a public part of Beijing discourse.

Anne Thurston, the American sinologist who collaborated with Mao's physician, Li Zhisu, on *The Private Life of Chairman Mao*, believes it is "kind of scary that people could know 30m people died in the Great Leap Forward and still like him". Yet, Mao's reputation, at least in popular imagination, appears to have transcended the disasters for which he was responsible.

In the process certain events have reinforced a superstitious belief in Mao's ability to influence events from beyond the grave, or, in his case, from the mause-

## Mao: the march from man to myth

leum in which he lies in state, a shrunken figure in a crystal sarcophagus, on Beijing's Tiananmen Square.

Could it have been that Mao's "evil eye" fell on Li who developed an incurable illness and died soon after his book was published in Chinese? The book includes sections extremely critical of Mao's callousness, his squalid personal habits and his sexual excesses.

Sang Ke, a local Beijing author and Mao aficionado, sees various forces at work from the commercial imperative which employs Mao as a marketing device to the party's need to harness Mao's good, as opposed to bad, legacy for its own ends.

"The party needs Mao as the glue to hold the Chinese nation together," says Sang. "The party is worried about the loss of two 'knives'. In the Soviet Union they lost both Marxism-Leninism and Stalinism and look what happened."

So China has, for the time being, learned to live with Mao, however monstrous he appears to outsiders, although a full accounting of his bloodstained legacy cannot be ruled out. The process of de-Maoisation begun by Deng Xiaoping in the late 1970s may yet go through a further stage, but as Sang observes, Chinese history is so full of monsters that it would be difficult to know where to begin a comprehensive historical accounting.

He adds that, in any case, many people do not place Mao among the ranks of monsters. In the long Chinese tradition they expect leaders to be ruthless, willing to shed blood for the cause. "Chinese are very attached to the idea that a leader should be all-powerful otherwise the country will collapse," says Sang.

Mao certainly embodied qualities peculiar to a long line of Chinese autocrats, ruthlessness, cunning and

an apparent indifference to suffering, if it could be demonstrated that the end justified the means.

In Mao's latter years that meant doing virtually whatever was required to preserve his own authority; including waging war against his former comrades-in-arms such as Deng himself who had served Mao loyally for half a century.

Perhaps the most worrisome element of Mao's legacy, however, lies not in the destruction he wrought or the fact that Chinese are somehow able to suspend disbelief about his excesses, but in his nationalistic, anti-western, xenophobic attitudes which resonate among prototypical nationalists, or neo-fascists, of today.

The recently published *China Can Say No*, written by a group of young scholars who believe China should thumb its nose at the west,

owes much to Mao, and in some ways represents a harking back to the past when Mao used China's mass media to rail against "capitalist running dogs" and "paper tigers". Indeed, Mao could be described as the first Chinese leader to say "no" effectively.

While darker forces of nationalism spawned by Mao's legacy may lurk in the background, in the foreground stands the visible pathology of the Mao cult, from new badges, posters and busts to apolitical products including TV sets and wrist-watches with Mao's features on the face.

In a curious way, Mao's transfiguration mirrors that of another iconic figure described in the following passage by American writer Greil Marcus: "When he died, the event was a kind of explosion that went off silently, in minds and hearts; out of that explosion came many fragments, ed-

ing slowly into the light, taking shape, changing shape again and again as the years went on. No one, I think, could have predicted the ubiquity, the playfulness, the perversity, the terror, and the fun of this, of Elvis Presley's second life."

Indeed, Mao as a potent icon of popular culture is but one of the surreal aspects of his transformation in the public mind from political "godfather" to fantasy figure. How or why this has happened is not entirely clear, except it may be easier for Chinese to cope with illusion than reality in a country where people have learned to "eat bitterness".

Nearly two thousand years ago, *Wielding his whip, the Emperor Wu of Wei rode eastward to Jishi - his poem survives. Today the custom wind still sighs, But the world has changed.*

- Mao Zedong



Mao Zedong: an influence from beyond the grave?

مقاومة الامم



PERSPECTIVES

Lunch with the FT  
Lend me your ears, or buttocks

Nigel Spivey eats less than usual when he wines and dines one of Britain's leading plastic surgeons

Nothing wrong with the cuisine at Nico Central, in London's Great Portland Street. But the portions of elbow room are distinctly meagre. Until Nico gets more generous with space, there is only one thing for it. Invite a plastic surgeon to join you. It generates the sort of conversation more or less guaranteed to alienate the neighbours. "What I'd do is take a slice off your forearm, so" - and here he lifted the knife from his Scotch sea trout, patriotically chosen, and carved an imaginary cutlet. "Because that's got all the right ingredients: flesh, veins, arteries, and so on. Then I'd rebuild with that." We had already discounted silicone. Silicone, it seems, is good for ears. It allows them to be bolted on to the side of the head, Frankenstein-fashion. "What about my forearm?" "Och! You're not so fussy about that. We could patch that up with a strip from your buttock. And if you treasure your backside," he added, intercepting the next question, "there's always the one-way loan from the skin bank." "The skin bank?" "We've rules of epidermis. It keeps for months, in a stretchy condition. And you can feed it up, too." "What you're saying is that I'd be walking around with someone else's buttock on the front of my face?" "Well, it would be done in several stages. A good job would have it nicely blended in along the natural facial contours." If you ask Britain's pioneering Professor of Plastic and Reconstructive Surgery to leave his laboratory in University College London for a couple of hours at Nico's, and immediately inquire how he might, say, give you a new nose, a straight clinical answer is



Angus McGrouthar: 'I'm obsessed with hands, and their capacity for neat work. Technological perfection is the real drive'

only to be expected. And Angus McGrouthar, although a softly spoken man, is not the sort to mince words about his vocation. I listened with awe, and a retreating appetite, to the various technical stages of constructing a new nose. "This seems," as I put it to him, "a form of sculpture. Do you see yourself as a creative artist?" "Not really. I'm obsessed with hands, and their capacity for neat work. Technological perfection is the real drive." But doesn't it feel like playing God, or a demi-urge? He chewed on this one, and smiled wryly. "I'm on the same level as the cleaners and janitors in the health service. There are three levels of executives above me... Divine status is hard to imagine when you've personally got to do 23 stages of paperwork for every operation." He balances practice with teaching and research. His own unit has flourished, especially since the Phoenix appeal after the King's Cross Underground fire, which raised £2m. To support further research, he takes private patients too. How did he feel, I asked, about what one presumed were innumerable vanity commissions? Could facelifts, indeed, be done on the National Health Service in the UK? "I thought you'd ask me that. It's not as simple as it might seem. OK, you've got an actress who complains that her face is ageing, and a carpenter who's smashed up one of his hands. Seems a simple question of priorities. But suppose the actress has made a career on her looks. Suppose she's always appearing at charity events. Suppose what's disfiguring her face is no fault of hers, but a genetic inheritance. "And suppose the carpenter smashed his hand because he punched a window

while he was pissed. Who would you respond to first?" "Plastic surgery," McGrouthar continued, "is a genuine area of interface. It's about making an individual feel acceptable in society. That's why, for me, it's just as valuable as spare-parts surgery. Perhaps because it's on the exterior, I find it more challenging than swapping organs around." It had certainly been a challenge to insert this occasion into his diary. Lunch, perhaps even the concept of a lunch, was plainly a treat for him. We enjoyed the cocoon of physiological discourse we had created amid the

braying BBC nabobs around us. I asked what frontiers loomed in research? "There are two I'd identify. Anatomy is one. Anatomical knowledge for its own sake was very sophisticated in the 18th century, but it slipped after that. It's only now that we're capable of precision at the level of millimetric understanding of smaller areas of the body makes it easier to move blocks of the body around." The other? "This will sound strange. We need to find ways of slowing down the healing process." "You mean you like a wound to have a good long fester?" I said. That sounded good, so I rephrased it, loudly. "You like the sight of a weeping scab?" "Precisely. People have the Darwinian idea that everything about evolution is geared towards progress. But our wound-healing genes are too quick in their action. The speed of healing isn't relevant. Not in an antibiotic world. We need a slower action that'll give better long-term results. We've sacrificed quality for the sake of efficiency." "That sounds like a comment on the health service."

McGrouthar looked around the restaurant. Did any of these men in suits belong to the three tiers of management above him? He leaned forward conspiratorially. "If only there was the efficiency. You know in most London hospitals the windows are so filthy you can hardly see out of them? Whereas you could eat your dinner off the floor in the hospital at Soweto." We gazed down at our plates. His at least was burnished. When banks of skin are grist to your mill, so to speak, it takes more than the thought of seared flesh to ruin dessert.

The unknown tycoon

Raymond Snoddy on media mogul Michael Green

With the remote control of British commercial television in his grasp, Michael Green, the enigmatic chairman of Carlton Communications, could be found in an elegant, white double-fronted Georgian house just off London's Hanover Square. Despite being the headquarters of one of the UK's top 100 companies, there was no big brass plate on the door, only a simple buzzer with the single word "Carlton" in half-inch high letters. The small print was an appropriate symbol of the reclusive style of the television tycoon who does not appear on television, hates having his photograph taken and rarely gives interviews. Even though Carlton is now capitalised at £2bn and is the largest voice in British commercial television, industry executives who only know him by reputation still ask in puzzlement: "Who is Michael Green?" There are many anecdotes, but they tend to be contradictory. When a young investment manager at Norwich Union whom Green respected died suddenly of a heart attack, the Carlton chairman sought out his mother's address to send a letter of condolence. He is equally capable of unleashing a string of obscenities at colleagues who have not met his exacting standards. Yet his powerful personality impresses even those who would prefer to despise him. "Michael has an almost tangible charisma. And I know that there have been times when I thought, 'God I hate this bloke'. And yet when I've been in his presence I have thought, 'I like it, I want him to like me'." one former Carlton executive says. A small incident in February 1991 reveals something of his style and character. Green was pacing up and down Carlton's Birmingham headquarters waiting to be elected to the board. Discussion dragged on and Green was increasingly impatient at being excluded. Suddenly, 20 minutes after the meeting began, the door burst open and there was Green. David Justam, the startled chairman, explained patiently that they were not quite ready for his appearance. As the other board members shuffled papers in embarrassment, Green said: "Well I hope you won't keep me waiting long." Justam said he would let Green know. Within minutes, Green was playing a full part in board discussions, giving the impression that he had always been there. "He is a very unusual businessman who does not conform to the rules guiding other people," said an executive present at the Birmingham meeting. "His modes of operation is to destabilise and unsettle ordered situations and he pays no attention to normal protocol or even politeness. He is the John McEnroe of business - disruptive, arguing with the umpire, trying to get the rules changed."

Carlton has now finally outgrown its St George Street headquarters and is on the move to Knightsbridge. But for nearly a decade, the Georgian house has been both the headquarters and the spiritual home of Michael Green and Carlton. From a third-floor office, smaller than an average drawing room, Green has plotted deals worth more than £2bn. On his desk is his most formidable business weapon - the telephone - which he uses to spread charm and ambush staff. Above all, he exchanges information on the rapidly-changing media business with friends ranging



from Sir Christopher Bland, the BBC chairman, and Michael Grade, chief executive of Channel 4, to the Satohi brothers, Charles and Maurice. An inquiry about newspapers? Green can call his friend Conrad Black, owner of The Daily Telegraph group. For Green, information is not just power, it is money. The contacts, the nose for a deal and the mixture of charm and ruthlessness have taken the Carlton chairman a long way from the £2,000 overdraft facility guaranteed by his parents to launch a small stationery business. It has been a 30-year journey from the creation of a £2bn corporation and personal wealth of more than £100m. His reach extends throughout British commercial television, and his importance lies less in his considerable wealth than in his influence over what is seen on the screen. Carlton owns the two largest ITV companies, Carlton Television in London and Central Independent Television in the Midlands. Then there are significant stakes in Independent Television News, Meridian, the south of England broadcaster, and GMTV, the commercial broadcast

station. His appetite for acquiring television companies and launching channels is undiminished. Green is expected to take advantage of the further deregulation of the 1996 Broadcasting Act in the UK to add to his television empire. The targets are likely to be ITV in Wales and the west of England and West Country, which broadcasts to the south-west. An understanding of his growing influence is incomplete without an appreciation of how Green repeatedly reinvented himself and his company. He has gone from stationary to direct mail, from direct mail to printing and then to manufacturing equipment for the backroom of the television industry, before finally making it as a broadcaster. But it could all have come to an end in 1990 and in a more dramatic way than has been publicly revealed. The Carlton share price had collapsed from 800p to just over 300p in nine months. Sir Peter Michael, ousted unceremoniously by Green as joint chairman of Carlton after Carlton's takeover of Sir Peter's UEI high-technology group, decided it was time for revenge. Sir Peter, then running Cray Electronics, went privately to Carlton's main institutional shareholders to try to take over Carlton and remove Green. "We said we think it's time to change the board, the chief executive [Green] and [Carlton] should become part of Cray. We got a lot of people on side for that," he said. On November 1 1990, Green and other executives were summoned to Glasgow for a showdown with investment managers from four Scottish financial institutions which had significant stakes in Carlton. They gave Green a rough time but, in the end, decided to support him. "Michael Green was given quite a shock from the share-price performance, from shareholders complaining openly, the pressure of a possible takeover by Sir Peter Michael and then being confronted by us. I think it was a maturing experience for him. But I would give him good marks for listening," says John Thomson, of Standard Life, who went to Glasgow. Michael Green survived, but he may have to reinvent himself again. There have been no big deals since November 1993 - the longest silence in the company's history - but an associate says it would be foolish to presume that Green has lost his touch: "We've been here before with Michael. He keeps those inner thoughts private. And I'm sure there were occasions in the past 12 or 14 years when we've thought: 'What's he going to do now.' And suddenly he comes up with the rabbit." Raymond Snoddy, media correspondent of the Financial Times, is the author of Greenfinger, The Rise of Michael Green and Carlton Communications. (to be published on September 9 by Faber and Faber, £17.50, 306 pages)

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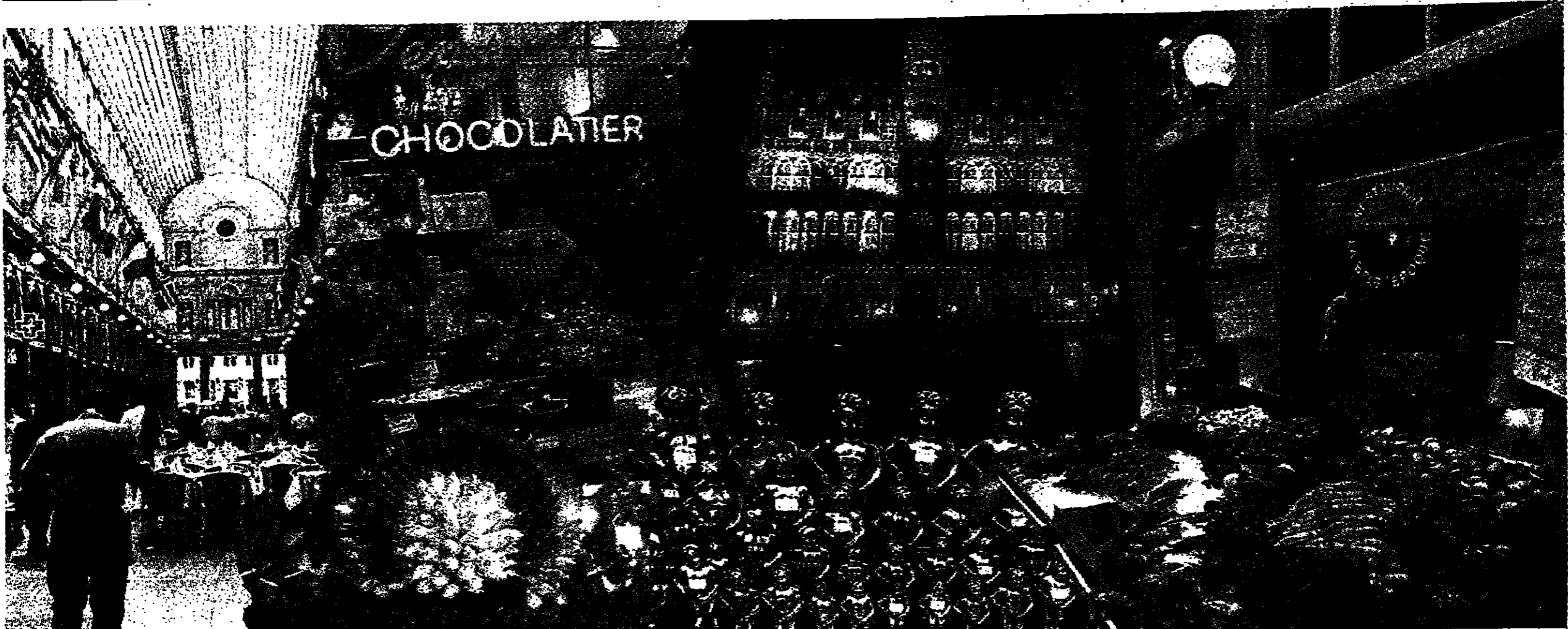
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HOW TO SPEND IT



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# Brussels watches the world go by

Miranda Eadie finds that Europe's capital offers a delightful diversity of vibrant cafés, superior shops and markets full of bric-à-brac

**A** weekend wandering around the shops in the back streets and alleys of Brussels is all you need to cast aside the dull image that this European capital projects.

Brussels is brimming with character and has a diversity of districts and shops to inspire the most hardened traveller and professional shopper, from the chic of the affluent Haute Ville, where the spacious boulevards are lined with names like Gucci and Chanel, to the scruffiness of the Bas Ville, where the narrow, cobbled streets are studded with second-hand shops and bric-à-brac spills on to the pavements.

Brussels is small - its centre covers a smaller surface area than its airport - so it can all be visited on foot. It also has a vibrant café scene, which means that despite tired feet is never further than a street corner away. An ideal base is the old world charm of the Hotel Amigo (1-3 rue de l'Amigo), which is smack in the centre of town next to the cafés and restaurants of the Grand'Place. Rooms 531 and 335 are my favourites.

If you cannot afford the £150-plus a room, at least have a drink and soak up the elegance of its 18th cen-

tury tapestries and the luxury of its spacious rooms and polished flagstone floors. From the Hotel Amigo even the furthest area you are likely to visit is no more than a 30-minute walk away.

Brussels is a comprehensible city; stores of a similar nature are grouped together along a particular street or around a couple of adjoining squares. Dotted between the shops and boutiques are museums, restaurants and art *mazas* (Belgium's much-loved comic heroes painted on any visible expanse of wall).

**F**or antiques and cafés from which to watch the world go by, head to the Place du Grand-Sablon and Place du Petit-Sablon, the favourite haunts of Brussels society. High quality antiques shops are found all around the *places* as well as in the winding streets which lead up to them. There is an abundance of art deco furniture on sale and Galerie Dewindt (77-79 rue Lebeau) has some particularly beautiful pieces. There are also a few women's boutiques in the pretty pedestrian street, the rue de Rollebeek.

Le Pain Quotidien (11 rue des Sablons) is a great place for breakfast or a light in-

expensive lunch. Everyone sits around one large table eating open sandwiches. Those made with *fromage blanc* and slices of radish and spring onion are particularly popular.

For the best pâtisserie in town, Wittamer (12 Place du Grand-Sablon) is the place to go. You can enjoy the ultimate chocolate drink made from the melted-down leftovers of the exquisite chocolate they make and sell. There is a tea room upstairs.

The Place du Grand-Sablon is fun to visit on Saturdays or Sunday mornings when the superior antique market is in full swing. You have a greater chance of finding a bargain here than in the surrounding shops. I have bought a turn-of-the-century, mirrored jewellery case here for £5 and seen an impeccable bevelled-edged 1930s mirror go for as little as £165.

A short walk up the hill is the Modern Art Museum (1-2 Place Royale), an unusual design built around a central light well. You go downstairs (not up) to visit the paintings, which are arranged in chronological order (Fauvism, Cubism, Surrealism) from level -4 to -8. There are lots of Magrittes.

For chic boutiques, go to the Boulevard de Waterloo and the nearby Galerie Louise and Avenue Louise in the Haute Ville. Boulevard de Waterloo is the Bond Street or Avenue Montaigne of Brussels and all the big international names such as Hermès, Chanel and Ralph Lauren are there.

Two of my favourites are Au Bonheur des Dames at 13A, which has an original line in designer cashmeres, and Franck Namani at no 55, which has perfectly tailored men's slim-line suits in the finest of fabrics, including the lightest cashmere.

The Flemish designer shops on rue Antoine Dansaert are where younger fashionable people shop. Onix (59 rue du Marché aux Poulets), is only a few blocks away and another favourite.



The real thing: lace for sale in the Grand'Place

Anything for the home and more can be found in the Marolles, the Brussels equivalent of London's East End. This old artisan quarter has its own dialect and two main shopping streets, rue Haute and rue Blaes, which are full of quirky shops. Antik Blaes (51-53 rue Blaes) is selling the canopy of a merry-go-round; Meganck (123 rue Haute) has some beautiful art nouveau stained glass windows; L'Impasse (127 rue Haute) glitters with chandeliers; and Baden Baden (78-84 rue Haute) is filled with old-fashioned bathroom units. It is selling a turn-of-the-century therapeutic shower (there are water spouts and shower nozzles at all levels) for about £2,000.

These parallel streets, linked by tiny unevenly cobbled lanes (best negotiated in sensible shoes), lead you towards the Place du Jeu de Bal where a flea market takes place daily from 7am until 2pm. Time to rummage for bargains is well spent here. If you get peckish, Bemuchet (198 Rue Haute), whose walls are encrusted with objects found in the

market, is an unusual place to eat. Another fun street to wander down, containing some 1950s and 1960s antique shops, is rue du Bailli, which runs perpendicular to Avenue Louise. There are a few tempting pâtisserie shops, an old sweet shop, some cafés, a little square and a few boutiques for the young, including Idix Bogam, which is stuffed with second-hand clothes from the 1950s, 1960s and 1970s.

**T**here is a good selection of art deco (yes, it's everywhere) lamps at the nearby Arts Deco (12 rue du Tabellion) which are on sale at £110 to £180. Not cheap but in impeccable condition. A few streets away is Gal-

erie Belenger (188 Ch. de Charleroi), a haven of 20th century (but mainly 1950s to 1970s) furniture and designs, including the classic Brionvega fold-up portable radio for £185 and Ettore Sottsass' first all-plastic Olivetti typewriter for £75. The Horta Museum (26 rue Américaine) is just around the corner. It was the home of one of the most famous architects of art nouveau, Victor Horta, and is a visual feast for admirers of what is sometimes pejoratively called *style nouilles* (noodle style) or even *patzig stift* (eel style). Presents and Belgian lace, chocolates and biscuits are best bought in the streets surrounding the Grand'Place. It's also a good opportunity to stroll down the Galerie Saint-Hubert,

Europe's first shopping mall built in 1947, which is like a giant Burlington Arcade. Inside you will find Neuhaus, a beautiful shop selling the best Belgian chocolates (the praline triangles are irresistible).

Dandoy (31 rue au Beurre) is biscuit heaven and is always piled high with gingerbread men.

Lace makes a traditional present and shops selling it are everywhere. Its price varies depending on its origin and the amount of work involved in its making - la Dentelle Princesse being the ultimate. Linen lace is finer and has more complex designs than cotton lace.

Care must be taken to buy lace which is hand-made at home by Belgian lacemakers - and not cheaper imitations from the Far East. To avoid any disappointment go to the Lace Gallery (30 rue du Lombard), where only genuine Belgian lace is sold.

If you are looking for a child's present then the diaries, T-shirts, watches and videos on sale in La Boutique de Tintin (13 rue de la Colline) could provide the answer.

For an escape from the city, hop on a number 93 or 94 tram (you can pick this up on rue des Petits Carmes at the top of Place du Petit-Sablon or on Avenue Louise) and head out to the most attractive Park de Solennes.

When it comes to eating out, Bonsoir Clara (22 rue Antoine Dansaert), a new restaurant decorated with

patchwork velvet wall hangings and moody lights, is the latest haunt of the trendy.

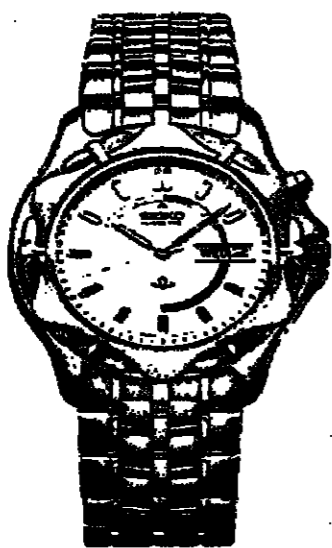
More traditional and more affluent diners prefer the elegant surroundings of La Maison du Cygne (9 Grand'Place), one of Brussels' finest restaurants.

Tourists love the rue des Bouchers, which is packed with restaurants and colourful food displays, but you will find few locals there. They prefer to eat their steak with chips or *steamp* (a delicious mixture of potato and vegetable purée) in the vaulted surrounds of t'Keldere (15 Grand'Place).

There is also a multitude of bars which are buzzing with life until the early hours. I like the intimacy of the candlelight in the modern Café Wa (20 rue des Riches Claires) but Toome, which is in an old puppet theatre just off rue des Bouchers, has an irresistible, timeless charm and a unique atmosphere. This is one of the few places where you can still drink "Kwak" beer from traditional round-bottomed glasses.

There is, of course, more to Brussels than shops. Brussels is one of six covered in Derek Blyth's *Flemish Cities Explored* (Pallas Athene, £9.95) - the perfect guide to the "other" Brussels. Based on the same format as J.G. Livin's *Venice for Pleasure*, it takes the reader on a witty, cultivated stroll through the city. It also covers Brugge, Ghent, Antwerp, Mechelen and Leuven.

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FASHION



# Tunics are tops for the Nineties

Karen Wheeler spots the latest pivotal fashion that should see us well into the millennium

Just as the stretchy Lycra body-suit, invented by Donna Karan, was hailed as a key wardrobe item in the 1980s, so experts are proclaiming the tunic top to be the pivotal fashion piece of the 1990s. Some even suggest that the tunic could render the tailored jacket redundant in the next decade.

"The tunic will become increasingly popular as tailoring softens up," says international trend watcher Li Edelkoort, whose advice is seldom ignored in fashion circles. It is a sentiment shared by designer Jasper Conran who has based a collection on the concept of tunic dressing.

"It is such a simple garment - just like a big T-shirt really and very comfortable to wear. The only difference is that you can make it in any cloth, from wool to velvet and, thereby, elevate its status," says Conran.

On a practical level the long, tubular shape of the tunic has much to commend it. By floating over the hips and thighs it flatters most figures and, unlike the body-suit with its impractical fastenings and restrictive fit, it is comfortable, easy-to-wear and uncomplicated.

It also suddenly has a very modern image, thanks to the efforts of two prominent designers. By reworking the tunic in black lace, with a tantalising clasp at the collarbone, Tom Ford at Gucci created something so desirable that high-profile women were forced to join a waiting list for the "must-have" item of the summer.

At the same time, Calvin Klein incorporated the tunic into a tangerine jersey trouser suit. Worn with a low-slung belt over "bootleg" flared trousers, this triggered one of autumn's most pronounced trends.

Admittedly, tangerine trouser ensembles are not to everybody's taste, and few could carry off Gucci's wisp of tunic with aplomb. However, these two very different takes on the tunic have fired the collective imagination of the fashion world.

The result is that this autumn, no collection - be it high street or designer label - is complete without a tunic. Several designers including Nicole Farhi, Ben de Lisi and Jasper Conran (significantly, all renowned for making wearable clothing) are longstanding fans and have featured tunic shapes in their collections for several seasons.

Similarly, many women will already be familiar with the luxurious devore velvet tunics made by the English Eccentrics label. These have proved such a hit for evening that they have spawned hundreds of high street copies.

This autumn, the tunic has adopted many different personas. Available in a variety of lengths, fabrics and necklines, it seems there are few occasions where it cannot be worn. In velvet or sequins and combined with a bias-cut skirt or velvet trousers, it can look stunning for evening (some of the best styles feature daring v-neck décolletés). In wool, matt jersey crepe or stretchy high-tech fabrics, it can look smart for day - particularly if worn as part of a trouser suit.

"The tunic has masses of potential," says Ben de Lisi. "It is utterly ageless - it can look young and funky or more mature. It is much more comfortable than a jacket - tailoring is so constricting and makes you less mobile."

De Lisi cuts his tunics slim at the shoulder and fuller in the body, so that they gracefully glide over

the areas that most women want to disguise.

To achieve the most flattering effect, choose a style which does not hit the thigh at its widest part. The only other rule is that it is generally not a good idea to team a loosely cut top with something baggy on the bottom. Slim trousers or narrow, bias-cut skirts work best, creating a long, lean look.

**It is utterly ageless - it can look young and funky or more mature'**

Given the versatility of the tunic, it is a wonder it has not achieved classic status before. Originally a short dress worn by the Greeks and Romans, the tunic was first appropriated by the fashion world in the early 20th century when Poiret and other designers featured it in soft, fluid fabrics over long skirts as part of the elongated, slender silhouette of the pre-war era. It became fashionable again in the 1960s, when short tunic dresses were worn belted or unbelted over pants.

It is this clean, sculptural 1960s look that constitutes the most fashionable take on the tunic shape this autumn. The tunic and trouser combination was the surprise bestseller at MaxMara during the summer and Sportmax features many shapes for autumn.

High street stores have also followed. Jigsaw has a flowing version in sleeveless brown ottoman with deep side splits and fluid trousers. For younger women, Oasis has a more body-conscious version in stretchy black wool - complete with a low-slung 1960s buckle belt.

Unfortunately, many of the most fashionable tunics are sleeveless - a dilemma at the best of times but doubly impractical in winter. The solution is to wear a close-fitting polo neck underneath, which is in keeping with the 1960s mood. Other styles such as Sportmax's navy satinised wool tunic work best for evening. English Eccentrics' chiffon glitter tunic (£251) or Carruti's black sequined version also offer night-time glamour.

Karen Millen has an interesting take on the infamous Gucci tunic, in lace-effect black crochet (£299.95). It features fluted sleeves, keyhole top and a fit and flare shape. It has little hanger appeal but looks very flattering

with stretchy black trousers. Jasper Conran's J collection, which is proving a great success at Debenhams, includes striking Op-Art print and dip-dyed tunics - all with a flattering, roomy cut. He has also created a longer silk tunic in a snowflake print (£290), available from the Kingdall Designer Collection catalogue.

Those who like their clothes understated might prefer a plain monochrome tunic in matt jersey crepe by Ben de Lisi or Betty Jackson. Knitted tunic sweaters are also a useful addition to a winter wardrobe. Joseph and Virella both have good versions, while Betty Jackson's oversized tunic sweater in navy cashmere (£590) is unashamedly luxurious.

The really daring could team this with woolly tights and suede knee boots and wear it as a dress. For some the cover-up qualities of the tunic might still hold frumpy connotations. But a glance at the accessories designed to go with it will dispel any such notions.

With a 1960s-style belt slung low on the hips or a sculptural Robert Lee Morris-style pendant around the neck, and a pair of high, chunky-heeled boots or shoes, the tunic really is the ultimate in no-fuss modern dressing.

- From left, clockwise: midnight satinised wool tunic dress, £145, and matching trousers, £110, from Whistles. (Stockists: 0171-224 1436.) This long dress style version of the tunic works well belted over trousers but can also be worn on its own with knee-boots by the more daring.
- Printed velvet tunic, £250, and black velvet bias-cut skirt, £260, by Ben de Lisi, from Fornik, New Bond Street, London W1. (Stockists: 0171-734 0086.) Perfect for evening, this style features an elegant boat neck and fluted sleeves.
- Chocolate brown lace tunic, £242, and matt viscose jersey trousers, £185, by Betty Jackson, 311 Brompton Road, London SW3 (tel: 0171-589 7884). A glamorous interpretation of the tunic, in this season's most fashionable colour and fabric. Can be worn belted or unbelted, but the lace fabric requires a camisole top to be worn underneath.
- Bias-cut tunic in devore velvet, £378, and chocolate brown velvet trousers, £203, by English Eccentrics from Harrods, Knightsbridge, London SW1. (Stockists: 0171-284 2525.)
- Blue/miso dip-dye silk tunic, £90, and silk palazzo pants, £90, from the J. Jasper Conran collection at Debenhams, 334-348 Oxford St, W1. (Stockists: 0171-408 4444.) This style features side slits and a flattering roomy cut.

Illustrations by David Downton



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PROPERTY

# Patience needed in quest for a piece of Prague

In spite of various hurdles to buying in this city, it can be a profitable business, says Gerald Cadogan

There have been many changes in Prague's property market in the past three years. Buying a property is a difficult business in this lively, attractive and walkable city, although many of the old complications have disappeared as the market has become more sophisticated and the Czechs have become adept as estate agents.

If you want to buy in Prague, learn about all the wrinkles first and take plenty of time getting to know the city. There are good property opportunities, but they demand the sort of juggling associated with commercial deals.

Foreigners have learnt to buy "very judiciously", says Nicholas Kirke, of Czech descent who came from Plymouth to found Agentura Kirke in 1991. He says that in the heady rush for business after the fall of communism "lots of mistakes were made".

One major development in the market has been an increase in the trade in flats. The sale of flats to release money for restoration and modernisation is now commonplace.

Czechs have been able to buy the flats they rent since the introduction of new laws allowing the freehold of apartment blocks to be split. Cheaper mortgages are also available, averaging 12 per cent for a 20-year loan compared with 17 per cent for a maximum term of four years in 1992.

Several foreign subsidiary banks, like Verelbank, are now licensed to lend. As a result, redevelopment of houses and flats by the Czech and foreign developers is widespread. But rents in

Prague have risen so much that it is often more profitable to let units.

Kirke says he bought a typical turn-of-the-century, Parisian-style five-floor corner building in Prague 10 in 1992 for Kc4m (£95,000) which brought in rents of Kc98,000 a year. The property has since been redeveloped, with two more flats in the attic and a restaurant in the basement, at a cost of Kc8.15m.

The development now has a turnover of Kc2.4m (£58,500) a year while the capital value has risen to around Kc25m. A two-bedroom flat in the building rents for £360 a month.

A similar flat in districts 1 or 3 (the Old Town, New Town and the smart Mala Strana area across the Charles Bridge on the slopes of the castle hill) would command £1,500.

The supply of houses and flats in the better areas is limited and they are usually occupied by foreigners. Czechs and permanent residents qualify for subsidised flats, and pay just £17 a month.

"It is daft not to live in a state flat or a co-op flat," says Kirke. The system allows those with spare funds to invest in prop-

erty for letting, he says.

The biggest hurdle a buyer has to face is the relocation of sitting tenants. This is allowed if tenants are moved to flats of similar size and quality. That means a buyer must purchase the right to a flat in subsidised housing for the displaced tenants, costing as much as £20,000, an expensive add-on to the purchase price.

Refurbishing is another hurdle. Many buildings are in a poor state of repair and labour is costly. Permission for redevelopment also can be difficult, especially in the historic centre. "There is no danger of Prague losing its heritage," Kirke says.

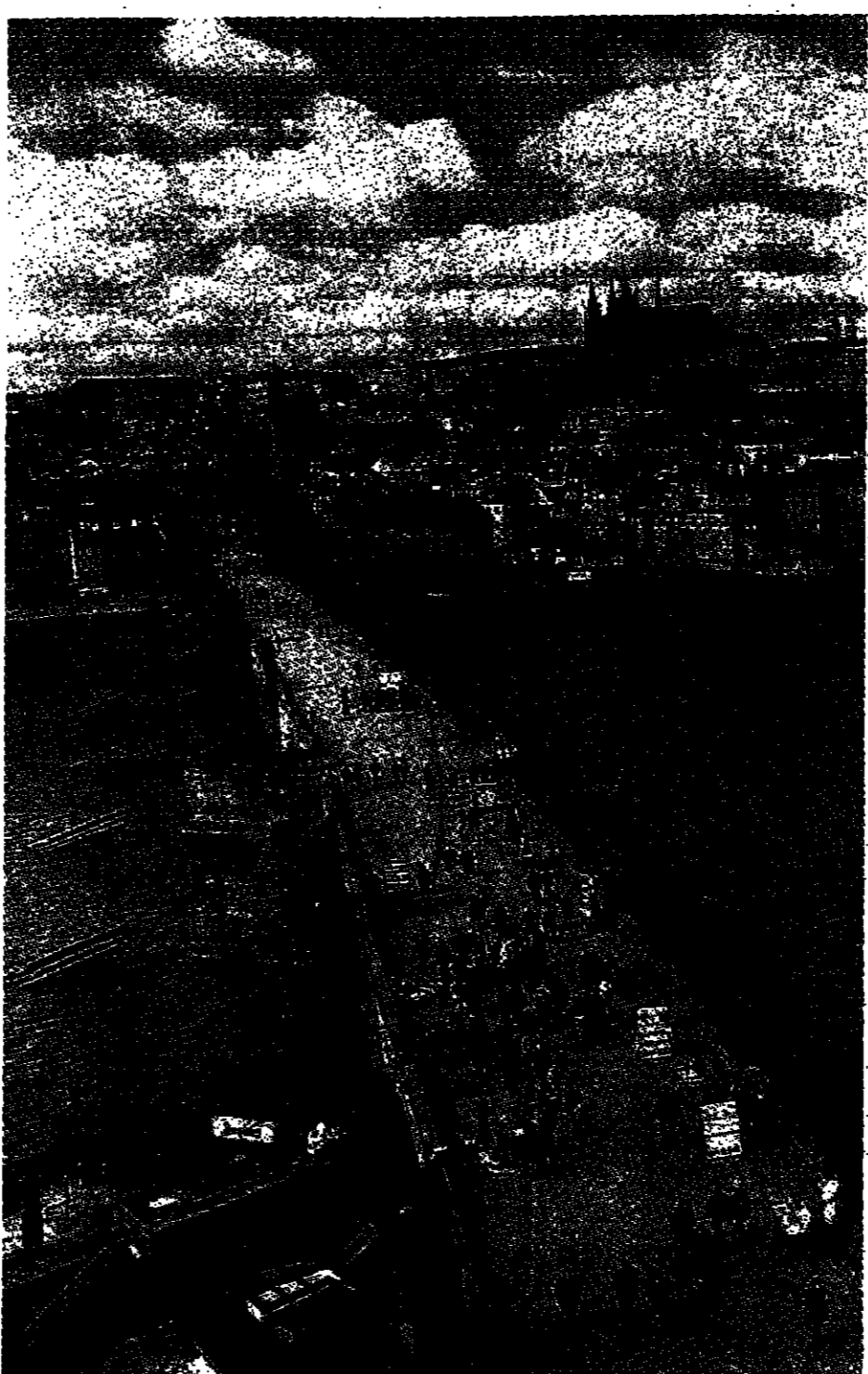
Foreign buyers no longer have to pay a purchase tax. The vendors, however, pay a 5 per cent tax. The convertibility of the Czech crown has also boosted confidence and increased stability in the market.

Security of title - which aimed to restore property confiscated after the communists took over in 1948 to the original owners or their heirs - is now reliable.

In 1993 only Prague residents could apply for property titles, but this was widely seen to be unfair to the Czech diaspora, and in 1994 it was extended to all Czechs. A few cases remain to be settled.

Buyers who are not Czech, or of Czech descent, or have permanent residence through marriage, must establish a Czech limited company to make the purchase. The buyer must also have a minimum Kc100,000 as start-up capital.

Property in the centre of Prague is still largely overpriced, says Kirke, unless you are buying as a long-term investment. A house at the end of the



Charles Bridge: some properties near the cathedral can command high rents

Charles Bridge, for instance, could well cost Kc150m and would need a further Kc150m for restoration (this would include underpinning against the river), and incur relocation costs.

But a little way out of the centre and the sums change, especially if one buys a

building with shop space on the ground floor - both Czechs and foreigners are prepared to pay Kc550-Kc700 per square metre a month.

Investors who require their own base from which to enjoy Prague would do well buying a pre-first world war apartment building. The

ground floor of such a property could be let as shops, while the investor could begin emptying the flats. Once the mortgage was paid the investor could occupy one of the flats for free.

■ *Agentura Kirke, Prague* (tel: 0042-2-746631, fax: 720010)

## On the Move Close to paradise in Portugal

In Portugal, paradise and hell lie side by side. The Boca do Inferno (mouth of hell) is a deep weathered hole in the rocks, with a pool at the bottom, and is found at Cascais on the Atlantic seaboard.

The other side of the coin is from this stygian chasm is a heavenly villa called La Barakat, dating from around 1960. Cascais's mild climate contributed to the transformation of this area from an old fishing village into a fashionable resort after the second world war.

La Barakat has glorious rooms, with Portuguese tiles and painted ceilings, which are cool on a hot day thanks to the sea air flowing through. The garden has pines, agapanthus and hydrangeas, and an ancient watch tower (now with small bedroom, shower and lavatory). There is also a sea-water pool which boasts changing rooms as opulent as those in the palaces of Rajasthan. Another delight is a tiled dogs' wash room with three troughs.

La Barakat is for sale for £12.5m (£5m). The new owners could let the villa for around £10,000 a week, says Noel De Keyser of Savills (0171-431 4844). The owners might also wish to negotiate for the furnishings.

■ Another option for those looking for a property in Portugal is to build your own holiday/retirement villa at the Penha Longa golf-club country club. The development is set in pine woods and hills around a pink 16th century monastery.

The Penha Longa itself is tall granite rock. The development is divided

into four villages, which offer all facilities, including management, letting and security, and access to the Caesar Park hotel. The purchase of a plot is accompanied by an agreement to start construction within two years, preventing the development from becoming a permanent building site.

Buyers should expect to pay 10 per cent stamp duty on the land and 17 per cent VAT on the construction. Most foreigners buy through offshore companies. If a buyer sells, the shares in the property are transferred, avoiding another round of stamp duty. Portuguese inheritance tax does not apply.

Plot prices for four to six bedroom villas of more than 1,750sq m range from £42.5m (for 3,450sq m), to £96.6m (for 4,450sq m), with construction costs at about £160,000 per square metre (before VAT). Smaller villas, less than 1,000sq m, cost from £20m to £28.5m. Call Savills or Penha Longa (00351-1-924 9000).

■ In the Algarve, to the south, (served by Faro airport) is Pinheiros Altos - a golf-based development which has apartments on offer from £195,000 and townhouses from £232,000. Next year work starts on a spa. Pinheiros Altos: 0171-602 9922.

In the same region, Quinta das Ferrarias is a villa in the country built in 1898. Its 3ha (7.5 acres) include a separate guest house and a cattle unit for 80 animals. Farmers tired of the north's cold climate can retire here for £1.3m (Savills). Water comes from two artesian wells.

G.C.

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## Gardening Painted Ladies

### Robin Lane Fox on a great year for butterflies

It has been an amazing year for butterflies and in early September they are still having the garden visit of a lifetime.

Many great artists have used butterflies in their paintings as a touching symbol of freedom. I think that I would use them as the logo for smart parts of London. In late autumn, the Painted Ladies will be flying from England to a warmer winter overseas.

They sensibly take themselves off to North Africa, although it seems incredible that such slight, beautiful creatures can survive the winds and then return to my shrubs in late summer. Painted Ladies have a definite streak of toughness.

In gardens, they cluster with Red Admirals on two equally divine types of plant. They love the honey-scented buddleias, but they also love the brilliant blue flowers which are now fully open on the hardy plumbago, the wonderful *Ceratostigma* which reached our gardens through the discovery of a single specimen in China about 100 years ago.

These shrubs are the ones which captivate the butterflies, from where they float on to the scent of heliotrope in pots, avoiding the lemon-scented flowers of the *magnolia grandiflora* which are the ancient preserve of beetles, followed by disorientated bees.

There is no secret to the hardy *Ceratostigma*, except to remember to plant the right one and never to cut it down in the winter or, indeed, before mid-April. If it had scent, I think it would be my favourite flowering shrub.

The one you want is the most readily available, *willmottianum*, which grows about 3ft high and wide. In winter it looks as if it is dead, but it always sprouts again from the base and most of the length of its bare, thin twigs.

It seems to grow anywhere, even in poor soil below walls and beside sunny drains. I have never killed it and I recommend it as an essential plant. The other members of the family are, variety, safe.

Plants of the taller *Ceratostigma griffithii* have intruded into two of the borders under my management, but they are too big and too heavily covered in leaf for their late and rather disappointing flower.

The low-growing forms of *Ceratostigma* tend to run widely and often refuse to flower unless they are in dry, sunny places. The autumn colour on their leaves is attractive, but they take up more room, often for less effect, than I would wish.

Painted Ladies basking on a hardy plumbago are a sight far finer than painted ladies perspiring on the beach. They also flutter to the taller, intoxicating scent of buddleia, which has to be in Scotland where a single plant of *Lochinch* was found, neglected, in a cold frame in the late 1940s.

It grows quite well on a wall which is sunny, but it needs to be cut back hard in spring and also to be thinned and trimmed after flowering. I find that it is surprisingly hardy in open, sunny borders, even if it is cut back by hard frosts in a bad winter.

It is such an easy plant to place in a mixed border, and again, it is one which almost everybody would want to own. Butterflies love it, and it has none of the untidiness of the more familiar and brightly coloured varieties.

The other winner is still curiously hard to buy. It is *Glasnevin Blue*, which presumably appeared in the Dublin botanical garden of that name. The leaves are small and discreet with a touch of grey to their green and the flowers are a delightful shade of pale blue without being too heavy in the spike.

I wish that more nurserymen would spread this superb shrub round the country. Butterflies love it too and, during the past month, I have been watching an abundant visitation by the prettiest common butterflies in the English handbooks. *Glasnevin Blue*'s one weakness is that its flowers do the conspicuously along their lower lengths while the tips are still opening. Like most buddleias, it responds to dead-heading.

There must be worse lives than a month on the plumbago and the better buddleias and then a flight, fortified by honey, to a winter in the southern Mediterranean. When the butterflies are gone, the leaves and flowers on these two marvellous shrubs soon follow. Both are well-loved old friends, although the two particular forms of buddleia are slightly more *recherché*.

It is a great mistake to cast around for nothing but rare and obscure plants in order to make a special garden. Some things are too good for anyone to leave out, and this weekend sees these two still at their best, proving the butterflies are right.

It is amazing to think that all our garden plants derive from one chance discovery, made by a great plantman

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SPORT

Tennis / John Barrett

# What makes a champion?

Millions of pounds are spent annually by national tennis associations around the world to train their most promising young players. They are all desperate to produce champions.

Yet no programme, however sophisticated, can guarantee success and no amount of money can buy talent. That is why the emergence of any players with true potential causes such excitement. They are serenaded by agents dangling lucrative contracts and pursued by coaches.

These pressures can lead to some complicated manoeuvres. Take the example of 19-year-old Australian Mark Philippoussis, the most prominent of a crop of young men emerging to challenge established stars. Born in Melbourne of a Greek father and Italian mother, Mark is managed by Advantage International and has had as many coaches as Elizabeth Taylor has had husbands.

Jan Oecleshaw was the first to find out that Mark's father is a difficult man to get on with. Nick Philippoussis, a club soccer player who enjoys social tennis, is an opinionated man who cannot resist interfering. It makes life difficult for his son and impossible for the coach.

Last year, at the Marlboro Championships in Hong Kong, I sat having breakfast at the Marriott Hotel when Nick and Mark arrived at the next table. I congratulated Mark on thrashing Stefan Edberg and then beating Richard Krajicek in Tokyo the previous week, where he had lost

in the final to Michael Chang. "You must have played very well," I suggested.

Instead of allowing his son to answer, Nick leapt in and said: "No, he should have beaten Chang. He didn't serve as well as he should have done and made too many errors." Mark sat there in silence, concentrating on his cereal. I was aghast. How, I wondered, could anyone survive this sort of parental dominance?

Since Oecleshaw, the coaches have been Australians: Peter McNamara, Gavin Hopper, Brett Stephens and Tony Roche, plus the American guru Nick Bollettieri and Todd Viney, an Aussie

Rules footballer with Melbourne Football Club. Just three weeks ago Mark started working again with McNamara. Significantly, the new contract attempts to isolate his father from all areas of coaching.

Judging by Mark's performances during this week's US Open, where his 137mph service and booming groundstrokes, plus his Mediterranean good looks, have had the fans swooning, the new formula is beginning to work. He lost one set and served 78 aces in beating his Australian Open conqueror, Mark Woodford, plus Andre Olhovskiy and sixth-seeded Cedric Pioline, wins

that will lift his ranking a few places from its present No 22.

In the fourth round, the world No 1 and defending champion, Pete Sampras, saw another 17 aces flash past and was relieved to put the teenager in his place in three sets.

However, all players ultimately succeed or fail on inner strengths that cannot be taught. That is why Tim Henman, Britain's 21-year-old No 1, may ultimately overtake Mark Philippoussis. He has a better temperament than the Australian and a good relationship with his coach, David Felgate. Fortunately he also has sensible parents who support

him to the hilt without interfering. He is managed by IMG and, as the most marketable Briton since John Lloyd, he will not lack for endorsements.

In reaching the fourth round this week, with performances that will improve his ranking to around No 30, Henman has displayed all the qualities that you look for in a potential champion. He has a world-class serve, a natural backhand, a forehand of increasing power, no technical weaknesses and the flair to create shots out of thin air.

Henman's third-round victim here this week, America's No 12 seed, Todd Martin, praised Hen-

man's ability to rise to the occasion.

Henman, carrying a groin strain which he said did not affect him, lost to Edberg in four sets. With Henman getting only 45 per cent of his first serves in, the Swede was allowed to come to the net too easily.

Andre Agassi won his grudge match against Thomas Muster with something to spare. Although both men insisted that their respective comments about Muster's right to be ranked No 1 last January were not a factor, there was an intensity about the rallies that suggested otherwise.

In today's semi-final Agassi will play fellow American Michael Chang, who is two matches away from becoming the No 1 ranked player in the world for the first time. That extra incentive will make him a very difficult opponent.

Athletics

# A renewal of interest in the big contests

Pat Butcher looks at what the Olympic Games have achieved

If there is one thing that the Olympic Games has done, apart from making Atlanta a byword for incompetence, it is to restore some sort of excitement and interest in major athletic competition.

The introduction of the Grand Prix circuit 11 years ago, while a boon for athletes, in that they can now earn an honest living instead of furtively picking up a brown envelope behind the beer tent, has nonetheless contributed to a certain predictability about the whole show.

Recent Grand Prix sprinting has at least thrown up a diversity of winners, but an interlude of little more than 10 seconds hardly qualifies as an evening's entertainment.

And once we move into the middle distance, the mainstay of any GP meet, you can be sure that a Kenyan, if not of the Danish variety in Wilson Kipketer, will win the 800 metres; Noureddine Morceli will be paced by at least three people to another distant 1500m or mile victory; and another Kenyan or Ethiopian will win the 5000.

This homogeneity stretches a long way, into the European, and even the World Championships. In the Europeans, in particular, it is possible to predict with a fair degree of accuracy, 90 per cent of the winners. And, apart from Jonathan Edwards's world record and Michael Johnson's double in Göteborg last year, the procession of old favourites totting-up victories lessened the sense of occasion, which was already threatened by the introduction of a biennial world championships.

The Olympic Games provided a fine antidote, and a renewal. While it might suit popular favourites and their champions in national media to have the same old winners every time, change, as Evelyn Waugh observed, is evidence of life. Svetlana Masterkova (800/1500m), Wang Junxia (500m), Josia Thugwane and Fatuma Roba (marathon), and Hell Rantanen (javelin), among others, provided ample evidence - the popular apothecosis of which was probably

the victory of Jefferson Perez in the walk, which sent the whole of Ecuador racing out into the streets to celebrate the country's first-ever Olympic medal.

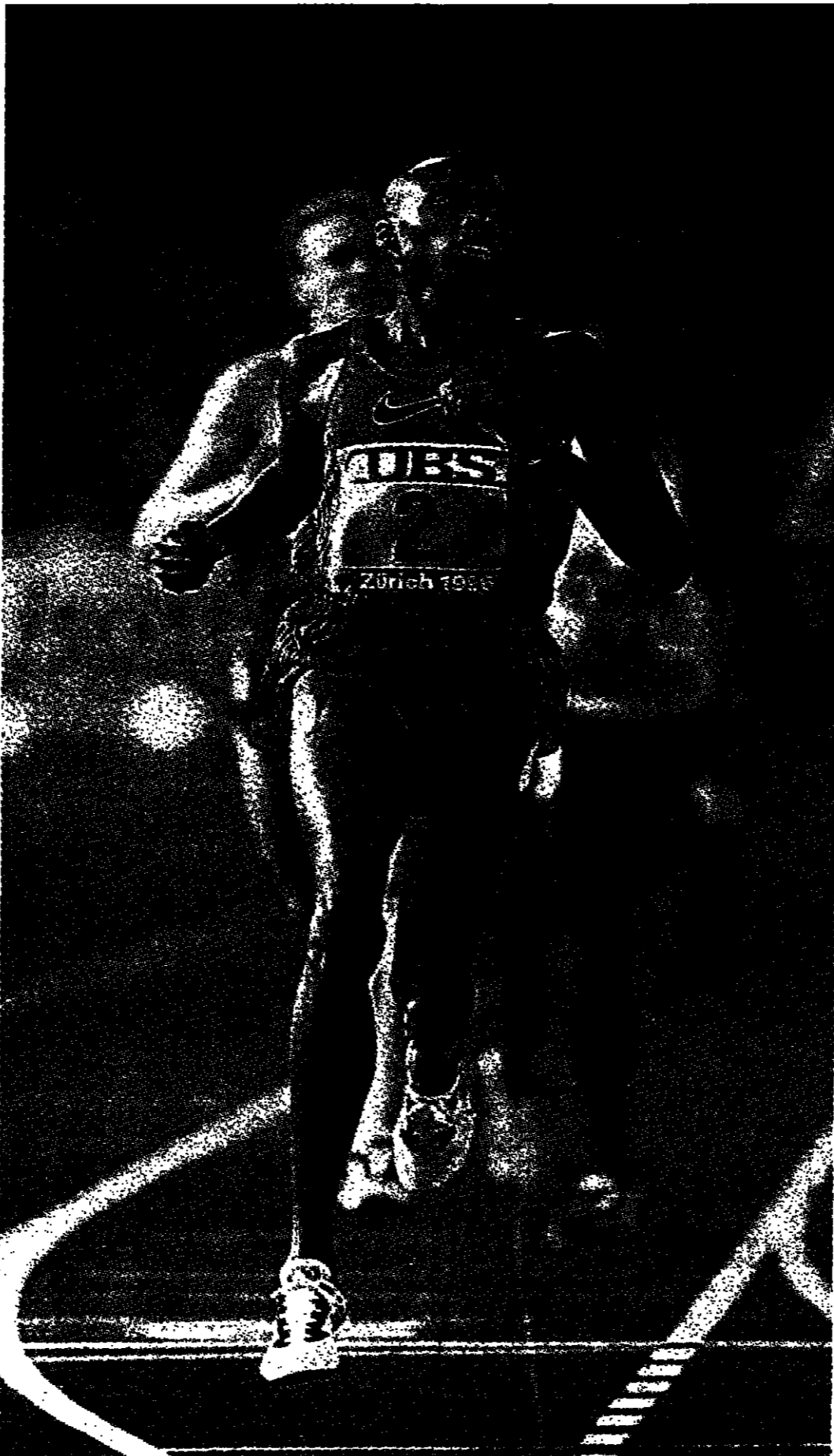
Masterkova not only gave us the fastest victory lap in history following the 800 metres, in sixties, but she has since compounded her fine form with world records in the 1000 metres and the mile. It is only due to the selective nature of the events each year, that the Russian will not be going into today's Grand Prix Finals in Milan as favourite for the women's overall title. But her exuberant running will doubtless make up for that.

In contrast, following her unforeseen Olympic demise, Sonia O'Sullivan returns to top-class competition after a gentle, winning return to the fray on Sunday in Rieti, a beautiful venue in the hills north of Rome. Rieti has a reputation for the odd world-class performance, and this year was no exception. Two athletes, born within hailing distance in Kenya's Western Highlands, and who did not even go to the Olympics, have been providing the men's post-Atlanta excitement.

Daniel Komen had an off day at the competitive Kenya Olympic Trials, but he capped a fortnight of threatening the 3000- and 5000-metre world records by chopping an extraordinary five seconds from Morceli's shorter distance mark. And Komen will go for Halle Gebrselassie's other record this afternoon.

But for an extra year's residence in Copenhagen, Wilson Kipketer did not qualify to compete for Denmark in Atlanta. Of course, he may not have won, but the tenth of a second which separated him from Sebastian Coe's long-standing 800-metre world record in Rieti suggests that not only is Kipketer by far the best two-lapper around, but that he will be winning a substantial share of the \$3m-plus prize money on offer this afternoon.

The centenary of the Italian newspaper *Gazzetta della Sport* is the reason for Milan (the paper's headquarters) and the restored Arena being the venue today.



Wilson Kipketer of Denmark wins the 800 metres at the Weltklasse Grand Prix in Zurich last month

Fans of Primo Nebiolo, president of the International Amateur Athletic Federation, will note, however, that this is the fourth GP Final in 12 years to be held in Italy. But the city is only a launch pad for another of Nebiolo's flights of fancy. Sports chiefs are increasingly

fond of the grand gesture, and in organising an athletics meeting in Sarajevo on Monday, Nebiolo is following the lead set by Olympic chief, Juan Antonio Samaranch, who jetted to the beleaguered 1984 Winter Olympic city from Lillehammer two years ago, in a display of solidarity.

Nevertheless, many of the world's leading performers - Michael Johnson, Jonathan Edwards, Komen, Kipketer, O'Sullivan, Masterkova, Ato Boldan - are expected to fly from Milan and compete for nothing, except maybe, the greater glory of Primo Nebiolo.

Cricket / Teresa McLean

# Playing it for fun

Pakistan's tour of England this summer gave a good-spirited impression. The Texaco Trophy one-day games at the end were a little comfort for England, who had been humiliated by Pakistan's bowlers in the Tests and lost their first home series for three years.

The one-day matches followed, with a slight feeling that Pakistan were only playing for fun; the real battle had been fought and won.

Fair enough. It is to Pakistan's credit that they took the trouble to fight the third and final match to a last-over finish, even though they had already lost the Texaco Trophy. This last game, which Pakistan won at Trent Bridge, was wholehearted on both sides and the closing overs had an air of school-boy excitement, with missed catches and brilliant, airborne catches, wild runs, run-outs and throws at the stumps.

It was, as Christopher Martin-Jenkins said, in the best tradition of radio commentary on cricket, "all jolly good fun". It had been important for England's morale that they win the one-day games, preferably all three.

The games are like this summer's GCSE exam results in England - sometimes considered light-hearted substitutes for the real thing. Even so, if you do well at them, they are encouraging and England had been hoping to salvage some self-respect by using some new, young players to make a clean sweep of the Texaco Trophy.

England had to settle for pronouncing their 2-1 victory at one-day a good result overall. Both captains said after the games that this was a fair result. They had said the same of Pakistan's 2-0 victory in the Tests. In doing so, Wasim Akram spoke warmly of his Lancashire companionship with England's Mike Atherton. Wasim has played for Lancashire since 1988 and captained them last year in Mike Watkinson's absence.

At Old Trafford earlier this summer the man on the seat next to me explained inexcusably that Wasim is a foreigner all right; everyone knows that, but the important thing is that he is a Lancashire foreigner.

He has worked hard on his and his team's public image, in county as well as international cricket and he is sure he comes over well on television. When Tom Graveney gave the Trent Bridge man-of-the-match award to the entire Pakistan team, leaving Nick Knight with 125 not out but out in the cold, Wasim smiled and said Graveney's choice was a kind gesture and a sign of the good relations between the two sides.

He, like Atherton, was relieved

that it had been a cheerful tour. This is the first time I have seen Pakistan contest a series with smiles as well as aggression. It must be easier to smile when you are winning, but I do not remember the same bonhomie when Pakistan were last here, led by Javed Miandad in 1982.

That was the beginning of what might politely be described as an unsettled period of power politics in Pakistani cricket. After Pakistan's defeat, under Wasim's captaincy, in the 1993-94 World Cup, vice-captain Waqar Younis led a rebellion against Wasim's dictatorial style of leadership. There were five captains in quick and uncertain succession in the next two years, then Wasim returned for a calmer tour of Australia.

Maybe it suits him to have reached 30 years of age. I thought he seemed more settled as leader this summer, although neither his play nor his tactical captaincy struck me as outstanding.

If England had been able to dismember his bowlers' efforts at times, Wasim might have had a struggle to keep his attack so dominant. Waqar never looked serenely happy, but happiness is not his wont, and he never rebelled. He can be unplayable, but he showed several times on this tour how much he is a bowler of mood and moment. He is able to weak as well as inspired patches.

I did wonder once or twice whether Wasim would have done better to give Waqar the new ball when it was due, for the sake of change, in spite of Waqar's preference for old balls to bowl in swerves and sweeps. But I reminded myself that nowadays Wasim is older and wiser.

Mushtaq Ahmed is a more consistently top-class performer than Waqar and it was good to see Wasim sometimes bowl him early in the attack, a treat for those who have faith in the wiles of spin bowling.

It was sad when England lost The Oval Test, but enjoyed watching Mushtaq's leg-spin trap batsmen out of their depths. Wasim bowled relatively sparingly in the series, knowing he was in unreliable form. Unlike Atherton, he had a reservoir of alternative and part-time bowlers at his disposal in the Tests.

In a way, I think the fact that Atherton likes Wasim and Mushtaq, that likeable nomadic weapon of Pakistan and Somerset, made it almost more galling when England lost. Next year when Australia come it will be blood, sweat, tears and expected demolition from the start. Atherton knows that and fell with a tired smile into confirming that England will have to fight to stop feeling bowed down even before the start.

Motoring / Stuart Marshall

# A time-warp Rolls-Royce

Ask 10 people to name the best saloon car in the world and it is a safe bet nine of them would say "Rolls-Royce". Having sampled the latest Silver Spur briefly, I beg to differ.

I concede that, for social status, there is still nothing to touch a Rolls-Royce (never, please, a Roller, a colloquialism used only by those who eat peas off their knife). In spite of the car's great

bulk, car park attendants fall over themselves to find spaces for them and doormen allow them to stand hour after hour outside grand hotels, surrounded by non-parking signs.

As a car, though, a 1997 model Rolls-Royce is like the royal yacht Britannia: a unique piece of old England that is now over-long in the tooth. As I can sense already the rumbles of outrage from club armchairs in Pall Mall, I had better explain.

Many years ago, Rolls-Royces really did provide the financially well-endowed with more of motoring's good things than any other marque. Their suspensions subdued road surfaces that made lesser cars bump and jolt. Silent engines produced enough power to keep the hot points effortlessly at bay, and the automatic transmissions - imported from the US - were silky.

Interiors were trimmed in Connolly's finest hides, carpeted thickly and filled with wood veneer of such quality that Sheraton and Chippendale themselves would have approved. Elaborate air-conditioning kept driver and passengers comfortable in desert heat or Arctic cold.

There was, of course, a downside: flabby handling, feather-light but uninformative steering, and a boomer's thirst for fuel.

Sadly for Rolls-Royce, it was first caught and then overtaken by the automotive world. Rolls-Royce last introduced a completely new design, the Silver Shadow, in 1965. The monstrous 6.75-litre V8 engine still used in all Rolls-Royce and Bentley models has even older roots.

There have, of course, been regular small improvements and some modest restyling. But, to an untutored

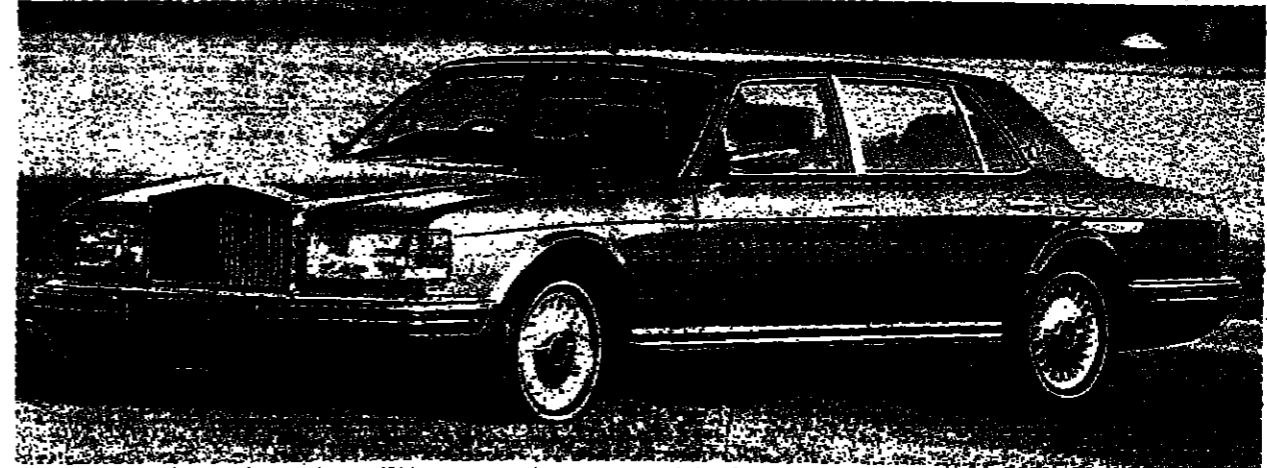
eye, a 1997 Silver Spur looks little different from a 15-year-old Silver Spirit.

It does, of course, go better. Low-pressure turbo-charging, introduced recently, makes it remarkably lively for a heavyweight; a top speed of 140mph (225kph) is claimed, with 0-62mph (0-100kph) acceleration in 8.1 seconds.

No Rolls-Royce buyer can be concerned seriously with anything so mundane as fuel economy, but an average 16.2mpg (17.4 l/100km) is said to be achievable.

Yet, the Silver Spur I drove for a couple of days seemed to have become stuck in a time warp. The view along the bonnet was magnificent, but a shallow screen and very high fascia made it feel beetle-browed.

At town speeds, the seats creaked, just like a horse's saddle. The suspension dealt nobly with sleeping police-



Rolls-Royce Silver Spur. Now turbocharged

men but the ride could be quite fidgety on country roads, with a surprising amount of tyre noise getting into the car.

When accelerating, the engine was far from silent. Putting the transmission selector into drive or reverse released the foot-operated parking brake with a loud clunk.

Some large cars seem to shrink after an hour or so,

but not the Silver Spur. Sheer bulk, plus roly-poly handling and the thought that I was driving \$135,242 worth of motor car, encouraged great restraint on winding roads.

The boot is shallow and nothing like so roomy as it looks.

One feels very grand, sitting high on the Silver Spur's firm, leathery throne, but I began to wonder what motivates potential buyers. After all, a Mercedes-Benz S-600 with V12 engine is roomier, far more agile, and has power-assisted doors that close with a touch, not a slam. It costs £100,335.

A £22,030 BMW 750L, also with a V12 engine, is more enjoyable to drive or ride in than this Rolls-Royce. A Lexus LS 400 V8 (245,455) knocks spots off the Silver Spur for noise levels and

mechanical refinement: a V12-engined Daimler Double Six (£62,779) has a better ride. What none of these volume-produced upstarts conveys is an impression that it has been hand-crafted lovingly. All are made in too great a number to have the excitement and, hence, the status of the Rolls-Royce. Which is, I suppose, where we came in.

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TRAVEL



# A long and fun celebration of death

Nicholas Woodsworth begins a three-page special on south-east Asia with a visit to Torajaland, a mountainous Indonesian island. There, he goes to a funeral where buffalo are slaughtered as part of a complex and ancient ritual to enable the dead to get safely to heaven...

I am not much good with death. It tends to take the fun out of things and bring them to a halt. I am scared of it. So, like most people, I am astonished to find parts of the world where other people do simply fail to avoid death; they actually celebrate it, make of it a big part of life. I suppose that is why we go to places like Torajaland.

Why else, I asked myself, would I be wandering in a half-kilometre cave on a mountainous Indonesian island, tripping over skulls and surrounded by the accoutrements of a sophisticated death cult?

Four Yorick would have found ample company there. Their teeth exposed in a permanent grin, their eye sockets dark and empty, human skulls lay piled on the ground, in every niche, cranny and fissure of the cave of Tampangallo. Above my head, suspended from wooden crossbeams, were decomposing coffins from which bits of skeletons - ribs, femurs, shin-bones - protruded.

What the lowlanders obviously never noticed was the broad stone staircase which once descended from heaven to the Torajaland mountains. Down it came the divine being Tambora-langiq to give the Torajans not only their farming abilities but also knowledge of the after-life and its complex rituals.

Anyone can see that the Torajans took their farming lessons to heart. Outside the cave at Tampangallo, where Toraja chiefs claiming descent from Tambora-langiq continue to be buried, I walked through electric-green, terraced paddy fields that are as carefully tended as the gardens at Versailles.

Diverted water splashed along in disciplined fashion from one level to the next. Barefooted men in conical straw hats bent deeply from the hip, planting rice seedlings. Others hoed. In a pond over which squadrons of red dragon-flies hovered a small boy fished for carp. Another, even smaller, sat unmoving in the water on the back of a motionless buffalo.

Wild, stone angularity of the surrounding mountains, the earth here seemed hand-moulded to man's purpose. Rice, coffee, bananas, coconuts, strands of tropical pine and giant bamboo - all grow here in ordered profusion.

It is not farming, however, but their remarkable rituals of death for which the Torajans have become famous. While Dutch colonial missionaries managed to wipe out Torajan head-hunting, slavery and other politically incorrect tendencies, they never succeeded in suppressing sacrifice. Animists turned nominally Christian in a Muslim country, it is the Torajans' bloody sacrifice of great numbers of buffalo that today attracts ever greater numbers of foreign tourists.

## Families bankrupt themselves for funerals. Raising cash takes months

side hamlet of Liliukuru when I arrived there with Marthen Kala, who has left university for a more promising future as a buffalo sacrifice guide.

This was quite a small sacrifice, he explained apologetically as we made our way to the stilt-raised, grass-roofed house of the bereaved family - the woman who was being buried had not been wealthy or socially prominent. When Neputung, a powerful local aristocrat, had died not so long ago more than 200 buf-

falo had been sacrificed. Today only seven were going to be killed.

I was quite happy with seven dead buffalo, I told him. It seemed like quite a lot of death, to say nothing of quite a lot of meat.

But no, Marthen told me. If buffalo are not sacrificed, the deceased will not get to heaven and will cause the living no end of trouble. The more buffalo that are sacrificed, the greater the ability of the departed to intervene with the gods on behalf of those left behind. Small wonder, then, that families will bankrupt themselves for the funeral ceremony.

Given the crowds, the holiday atmosphere, the gaily decorated death tower on which the formaldehyde-preserved body of the dead woman reposed - it takes months to raise the buffalo purchase money - the sacrifice was almost anti-climactic. The guests sat, cross-legged on low bamboo platforms, gazing into a hollow square. What began with a single, swift stroke of a long Toraja sword ended with bloodied men hacking away with axes at a great pile of dark, glazed-eyed buffaloes.

I felt queasy, but did not want to show it in front of the German doctor standing cheerfully beside me - he said it was no worse than a Saturday night in the hospital emergency department where he worked.

The Torajan guests treated it even more casually - sitting in a heavy reek of blood in front of mountains of red flesh and dung, they regarded the carnage with calm equanimity. Children played. Old friends caught up on news. Bare-footed women squeaked across the muddy, blood-puddled ground carrying plates of biscuits as if at a morning tea social.

The spirit of the dead woman, Marthen said, was finally released and on its way. Here on earth things had just begun. Three more days of speech-making, drinking, dancing, feasting and buffalo sacrificing remained.

If this was a bloodier way of bowing out than the western one, I thought, it was also less fearful and more sociable. I hoped that by the time it was all over there would be one more soul safely ensconced in Toraja heaven.

It became my standard question to everyone who had visited the Maldives. Many had stayed on islands scarcely the size of a tennis court, sometimes so small their rooms were strung out on stilts over shallow bits of the Indian Ocean.

But asked if they had walked around their island, the answer was invariably "no". I was certainly going to walk around mine. True, it was one of the largest - 1.4km long and 400 metres wide - but it seemed ridiculously easy. After all, I had a week. As the helicopter chugged down towards Kuramathi Island I craned my neck out of the open door and checked the route. Yes, thick forest in the middle but an unbroken ring of sand around the edge. I would be able to walk around that. Not immediately though.

I showed my bag on the wooden carriage towed by a Lankan driver and watched as we proceeded to the end of the island where the built bits were. In the heat it seemed a long way. Swimming around the island seemed more sensible. After checking into my villa I put on fins and mask and paddled out into the shallows - to be immediately distracted by the fish.

Most of the development in the Maldives has happened on the two atolls nearest to the international airport, whereas I was at the only resort on Ba Atoll, 105km to the north and cut off by a deep trench of ocean.

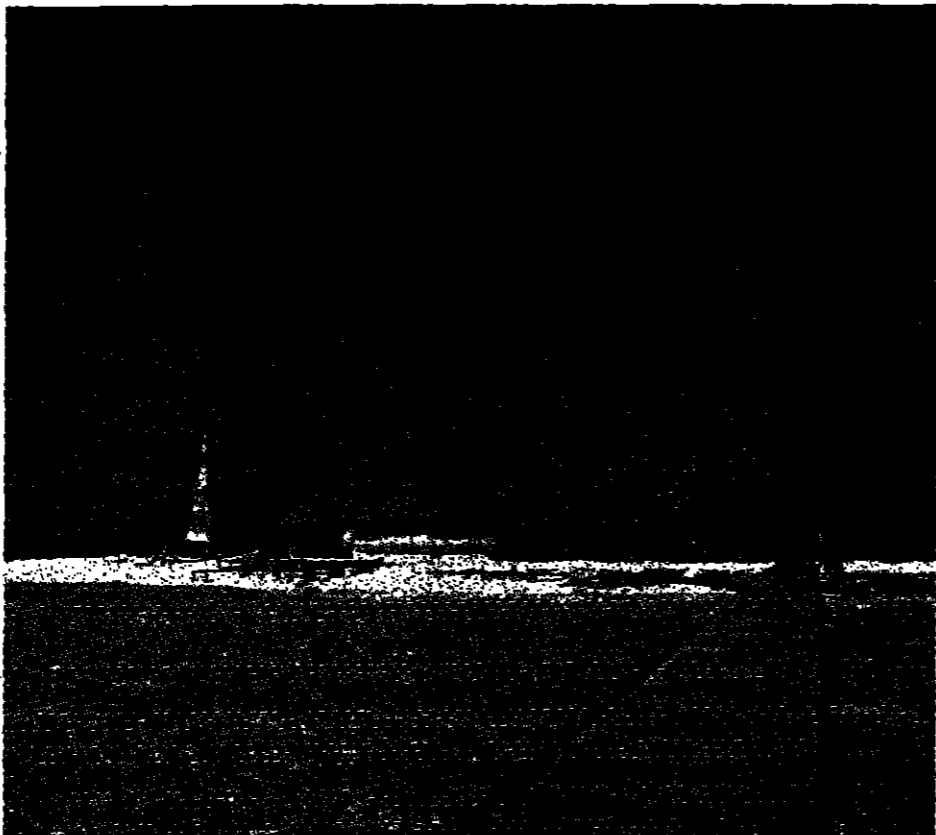
The previous management had tried to persuade packaged pleasure seekers that a three-hour transfer by speedboat was "exciting", failed, and closed. The present owners spent three years growing trees and redesigning the facilities, to open last year with 35-minute helicopter transfers.

In the water, the edge of the reef dropped away into a rich blue: turtles flopped lazily around schools of fish; rays broke free from patches of sand between the coral. By the time I had remembered my original idea to

## Maldives

# Small, beautiful - and lots to do

Jack Barker finds there are ample diversions on an atoll in the Indian Ocean



Tropical paradise: most development in the Maldives has happened near the airport. Robert Harding Library

swim around the island I had been in the water for hours. Flippers in hand I walked back to my villa along a shady, palm-strewn path. My first impression had been correct: it was a long way.

It took me longer than usual to wash after all this. The Maldives seem to be a world centre for bathroom world centres, with villas on stilts, had glass-bottled bathrooms so guests could bathe among the fish. However, the better-looking guests had found themselves baffling with shoals of snorkellers and the idea had been abandoned.

At the Soneva Fushi, a Swedish designer had come up with a more conventional bathroom, but made it the largest room in the villa and easy to spend time in. Although shaded for privacy by a garden wall, one side was open to the elements, and it also housed the CD player, the programmable room safe, and the mini-bar. Ceramic floor-tiles, gushing water, and the cooling breeze of the open air meant no bathroom since has seemed so welcoming.

The following day I thought I would walk around the island after breakfast, but fell into conversation with the chef. I joined him as he walked along the point and cast a critical eye on the day's fish.

by the reactions of locals I might have been the first. As I strolled around the wide straight avenues of the fishing village, children ran away laughing or hid behind coral fragments glued into walls with cement. I was soon called to where a crowd surrounded a 50ft dhot, preparing to launch it from the flat peak of the beach and down a row of logs into the water.

The tallest locals seemed to be about half my size and were dwarfed by the gleaming wood beams of the re-circled boat. It seemed reasonable to assume they could do with a hand so I reached up for the side of the boat and looked keen. At a shouted signal each side pushed, rocking the boat to free it from the logs under its keel, ready for the long slide to the water. The locals set up a chant but the boat did not move. Everyone stopped and stared at me accusingly. I was given the impression the failure was my fault: I should have been chanting like everyone else.

The man to my left taught me the two-word refrain. I also understood that I should not have been trying to rock the boat and push it down the slipway: I was just a rocker, helping to break the boat's friction on its log rollers. Others at the bow were in charge of pushing.

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TRAVEL

Bali An island lost to middle class values

Nicholas Woodsworth goes inland on a voyage of discovery, far away from the spoiled coast

One evening I was sitting on a bar terrace in the Balinese seaside town of Sanur, enjoying the balmy air and a little eavesdropping. At the table next to mine two American women - middle-aged and fleshy but youthfully dressed in flowing silk and bangles - were growing maudlin over tropical cocktails.

escape to an unfettered, Bohemian existence. Like them, Bali has changed. It, too, has become middle-class and acquisitive; no matter how seductive its past, it remains overweight and uncomely. Buried under a welter of hotels, bars, restaurants, discos, car hire agencies, money changers and souvenir stalls, the once-lovely southern coasts of Bali have all but disappeared.

The clear water from the spring is invested with holy properties

"Do you remember," said one, "how the beach here used to be? There were no hassles, no crowds, no 'you-buy-sunglasses', no 'give-me-a-massage'. Just sea and sunset. Now that was paradise."

Would it be any different inland, I wondered as I drove north from Sanur the following morning. I remained sceptical. Motor cyclists in dark glasses weaved in and out of exhaust-puffing traffic. Batik boutiques lined the road. "Bungle in Bali" read a roadside hoarding for an amusement complex, "...the only waterfall jump on the island!"

But somewhere around the town of Gianyar the traffic began to thin out and the shops to fall away. The countryside grew more rugged and hilly. Like sets of carpeted stairs, soft green paddy fields climbed the surrounding slopes. In the distance I could see Mount Agung, the 10,000ft volcano on the cloud-hidden summit

of which the Hindu pantheon of Balinese gods is supposed to live. Rather an irrelevance today, I thought as I pulled up at Tirtaganga, near the foot of the mountain.

There was not a great deal to stop for - there were perhaps a dozen houses. But hidden behind a long, high wall was Tirtaganga's water palace. Hardly as utilitarian as the tourist developments of Sanur, it is an odd and delightful place.

Built for the pleasure of just one man, it was constructed in the late 1940s in the twilight years of local monarchy. King Anak Agung Agung Anglurah was an eccentric with an interest in water - he was fascinated by fountains, canals, reservoirs, moats, sluices, pools and hydraulic engineering of all kinds. He could not have chosen a better place - so copious and reliable is the clear water that flows from the spring there that centuries ago villagers invested it with holy properties and named it Tirtaganga, "water of the Ganges".

The disruption of Anglurah's kingdom was not peaceful. The residence itself was successively destroyed by volcanic eruption, political violence and earthquake. But I enjoyed imagining myself a quirky and brooding monarch wandering about these peaceful pools at the empire's troubled end.

There were pools big and small - one where a wooden temple stood surrounded by water-flowers and broad green lily-pads; another where an ornate dove-cote rose from the water on stilts;



Bali: for some the old traditional world lives on

a third where water fell level after level from a high fountain; a fourth large pool for swimming.

There was yet another, full of fish, where small, shiny-brown Balinese boys in their underwear ran and dived. One had a tiny spear-gun home-made with elastic bands. What fearful creatures lurked below, I wondered.

Certainly there were fearful ones above; scattered about was bizarre statuary - dragon-birds with beaks spouting water, human-faced beasts whose long snake-tails rose above them in the air. Even the room I took at the little hamlet, surrounded in the paddy, where small wooden field temples stood near houses of thatched

grass, small boys and girls slid stomach-down over their own waterfall - a drop where the fast-flowing channel took a sudden dive to a lower level. Nearby, men and women, relaxing after a day's work, bathed unself-consciously naked on the waterway's stone banks.

In no time at all, following me diverging channel after another I was lost, navigating only by Mount Agung, which in the golden light of day's end had chosen to reveal its conical head.

Perhaps gods did live up there - an evening breeze sprang up, and all about me the countryside came strangely alive. Bright kites, and skilfully manipulated by tiny children, rose into the sky. With the rice harvest

near, scores of bird-scaring devices agitated the fields. White pennants fluttered on tall bamboo poles, ornate bamboo whirrigs whirled, and ragged, rope-suspended shirrs flapped their empty sleeves.

Certainly for the residents of Tirtaganga the old Balinese world lives on. It was almost dark and the fire-flies were out when I finished swimming in the clear pool by the enclosure's temple. But it was not too dark for me to notice a young woman in a blue silk robe. Making evening prayers, she carried in tiny baskets of woven grass offerings of burning incense, fresh flowers, and sweets of rice-paste wrapped in palm leaves.

She was being helped by a

small girl, no more than eight or nine years old. Each time she placed her offerings on the ground before the garden's deities and bulbous-eyed demons, the child would watch and imitate her. Silently she mouthed the same prayers, and raised her hands to her forehead, palms together, with the same graceful gesture.

Somehow it made me think of Sanur, and the two foreign women bemoaning Bali's fate. They had been wrong. Bali is not Walkiki. Here in front of me was the source of the island's resilience - the daily repeated practice of age-old habits. As long as that continues, incense and rice-paste will whir over cocktail parasols and yo-yos.

Sarawak Omens from the gods

Nick Haslam enjoys a memorable night on rice wine

With a sharp war cry, the Iban chief began to dance. Twisting on his heel, the long feathers of his head-dress described fantastic parabolas as he wielded the razor sharp parang, slicing and lopping through many foes.

Above, like weathered coconuts slung from the long house rafters, a clutch of smoked human skulls viewed the scene. To applause from the squatting audience the chief concluded his dance with a flourish and then, to my horror, two smiling Iban women led me on to the floor.

The feathered cap was planted on my head, and silence fell, broken only by grunts from pigs rooting beneath the rush-matted floor. Grinning, I faced my audience and, imitating the chief, I dug my heel into the matting. Emitting a fearful whoop, I gave a short but, I thought modestly, brilliant choreographic improvisation of fighting my way on to the Underground in the rush hour.

The Ibans laughed and clapped as I retired accepting the reward of a glass of tuak, a cloudy rice wine, as prize for my labours.

I had arrived in Sarawak three days before, at the ancient capital of Kuching, a straggling town built on the banks of the meandering Sarawak river. For centuries, the town was an important trading post for Chinese merchants who bartered porcelain in exchange for birds nests and hornbill beaks.

In the main bazaar, shops border the river, and a bustling mixture of people, from Chinese and Malay to smooth-skinned tribespeople from the interior, bargained for market goods.

On the opposite bank, a fort of unmistakably European origins dominated the river. It was built by James Brooke, the first of the white Rajahs in 1845. A young British adventurer, Brooke had helped the local Sultan put down a rebellion, and then stayed, acquiring territory and establishing a dynasty which was to last 100 years.

He subdued the pirates



Boarding a ferry on the Sarawak river

who preyed on ships in the South China Sea and set up a trading empire which prospered until the Japanese invaded Borneo in 1941. In Sibul, 150km east of Kuching, I boarded an express boat up the river Rajang, the longest in Sarawak.

The river, muscular and milk chocolate brown, threw the boat about with alarming ease as the helmsman dodged sunken trees which rolled lazily in its strong current. We passed long rafts of timber gliding downstream, steered by precariously balanced figures.

Sarawak's rain forest is one of the richest surviving in the world, but the profits to be made from tropical timber have led to much illegal logging, causing irreparable damage.

Two hours later, we arrived in Kapit, a straggling trading town 120km upstream, emerging deafened from the roaring engines. In the market, women of the Iban tribe, the largest ethnic group of Sarawak, and Orang Ulu, tribespeople from the interior, were selling jungle produce, from succulent young ferns to neatly tied bundles of live frogs.

Thomas, my Iban guide, told me he had seen crocodile, python and wild boar for sale there, but today we found only slender mouse deer, and one big fruit bat.

We arrived at the long-house, a few kilometres upstream of Kapit at 6

o'clock that evening. Built on stilts, the house stretched for more than 100 metres along the bank of the river and was home to 20 families. The Ibans were celebrating the Gawai Taraju, the feast of fortune telling, where the tribe's prospects for the coming year were determined from the livers of slaughtered pigs.

Evidently the omens had been good, and we were welcomed. Down the long veranda, family groups were preparing elaborate offerings to placate the spirits, and small groups of chanting men were pacing the length of the house, beating out a rhythm with long staffs, and wielding trussed cockerels in circles over the heads of more than 100 people seated.

The many empty bottles spoke of a plentiful consumption of tuak. Food and drink were placed before us and the dancing began. It was not until 5am, when the cries of cockerels and the rumble of boat engines heralded the coming of day, did we sleep, stretching out on the rush matting.

Three hours later, Thomas shook me awake, and picking our way over recumbent bodies, we went to the jetty and caught the express boat down to Sibul where I took the afternoon flight to Sarawak's oil town of Miri.

Here, after being weighed with my hand baggage, I boarded a tiny aircraft to fly

up to Gunung Mulu National Park, in the north-east of the country. We flew at first above recently logged forest but, as we came over the national park, the canopy of the virgin rain forest stretched like some huge broccoli, as far as the eye could see.

The Mulu National Park has one of the largest limestone cave systems in the world and the following day I joined a group of Chinese tourists on a 3km walk through the rain forest to the opening of Deer Cave, a vast opening in the face of a high limestone cliff.

The cavern, which is more than 400ft high, took one's breath away, as did the strong smell of ammonia from the deep deposits of bat guano. At dusk, as the metallic whine of the cicadas started up in the forest, the first of the 600,000 bats which inhabit the caves flew out, black against the grey limestone cliffs. They circled, and then climbed away. They would return in the morning, having flown more than 100km, consuming en route more than 6 tons of insects.

Standing there as fireflies darted in the growing twilight and the jungle filled with strange cries, I understood why the Ibans believed in so many spirit gods. The sudden onset of tropical night seemed oppressive and threatening, and even the Chinese, who had been chattering noisily, fell silent and quickened their pace until the welcome lights of the park headquarters came in sight once more.

Nick Haslam travelled to Sarawak courtesy of Royal Brunei Airlines. Apex returns via Dubai and Singapore from Heathrow can be obtained from Trailfinders (0171-938 3300), starting at £299. His itinerary was organised by Tropical Adventure Tours, POB 2197, Miri, Sarawak, Malaysia. Tel: 00 60 85 419337, fax: 00 80 85 414503.

More information about Sarawak can be obtained from the Malaysian Tourism Promotion Board, 57 Trafalgar Square, London WC2N 2DU; Tel: 0171-930 7532, fax: 0171-930 5015.

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TRAVEL

Lombok has only recently acquired its first taxis. "Can you imagine, 1,300 ruppes just to open the door?" said our astonished guide. That comes to about 35p. More common are lurid yellow minivans in which you can share a ride for a modest Rp250. Most common of all, though, are horse-drawn carriages. The Lombok islanders are not rich, though perhaps tourism will one day make them so.

Until then, Lombok is clear about its appeal to visitors: it is Not Bali. Bali is the most island in the Indonesian chain, 40 or so miles across the water, and full of tourists. Not Lombok. Lombok brochures insist, is Bali the way it used to be.

There is something in this. Lombok does have an international airport, but it takes only little Fokkers from Singapore. To get there from anywhere else, you go via Bali. You can fly, or spend six hours on one of the rust-bucket ferries that still ply these waters, or - more comfortably - take the big catamarans, which skim across in two hours and forbid passengers to carry durians, the smelly tropical fruit.

And, sure enough, you cross the Wallace Line and find yourself in another world. Alfred Wallace, the 19th century naturalist, found the fauna of Lombok dramatically different from Bali's, and concluded that the deep strait between them marked the invisible line where Asia almost meets Australia: tigers and elephants to the left, marsupials to the right.

Lombok has a few hotels. We stayed at the Senggigi Beach, on a spit of land: the beach on one side was white, that on the other grey. Both were empty; guests seemed to prefer the swimming pool. Lombok is a long way to go for a swimming pool; but when the airport is extended in 2004 there will be more tourists, more hotels and more pools, and the island will look like Bali.

Away from the hotels, Lombok is quiet and rural. Rice is the main crop, cotton and tobacco grow too but the weather can be dry and harvests poor. Some farmers still plough their fields with bullocks, but the better-off hire mechanical ones to steer around the palm trees.



Weeding rice paddies on Lombok's north-west coast

Michael Yamashita, Colourist

Lombok

A friendly place but a strange land

John Westbrooke visits the island which styles itself as Definitely Not Bali

Most of the islanders are Moslems - Indonesia is the biggest Islamic country in the world - but without the fervour you might encounter in Arabic lands. The streets on Friday are filled with women in white headscarves and men wearing a sort of fez, all on their way to silver-domed mosques. On other days, though, the religious clothing is less in evidence, and nobody much wears a veil. Men can take four wives if they want: marriages are most common at harvest time, when people feel rich, and divorces at planting time.

We jostled our way through the main market, testing rusty bargaining skills. The recommended technique is to start by offering a third of the asking price but, lacking the nerve, we tried half instead. This brought howls of laughter from not only the seller but all the stall-owners within earshot, which was deflating. But when we walked away we were called back, and our money genially accepted.

They spoke scant English and seemed as little used to us as we were to them. A few of the things they sold might be considered souvenirs - carvings, weavings - but most were household goods and foodstuffs, surplus rice from the paddy fields, unfamiliar fruits, and beans. Lombok is a friendly place but a strange land.

And so to terrible touristy Bali - which proved to be not so bad after all. Bigger, greener, lush than Lombok; more tourists, more hotels, and yet accommodating and pretty. Many visitors stay put in the comfortable resort hotels - only one is of eyesore proportions - that line the best beaches and provide food, shops, swimming and air-conditioned respite from the year-round sultriness. This is not to be sneered at, we decided, as we sipped cocktails by the pool and a woman from Borneo told us Irish jokes.

On the landward side, crowded streets are lined with restaurants offering cuisine from everywhere, and with craft shops. The fertility of the soil has always allowed the Balinese spare time to devote to arts and crafts. The road inland to Ubud passes whole villages devoted to silversmithing or wood carving, painting or stoneware. Some of it is superb, and expensive, and srongs and batik are especially good value; but

cheap tat is always available. Each village has its own dance troupe; if you wait, the best ones may turn up at your hotel. Dances recount folk tales, or the Ramayana to have been invented in the 1930s, partly by Europeans, for a tourist film.

The most touristy spot is Kuta Beach, where the surfers go, Australians especially (Bali is only five hours from Sydney). They ride the waves by day and the discos by night and shop for exotic bargains while dodging motor scooters in the muddy alleys. Fake watches are a speciality: we were offered Rolex and Cartiers for about £3.50. With luck they may run for weeks.

As befits a modern resort, you can go bungee jumping, trekking, white-water rafting or cruise to nearby islets and snorkel among the coral. You can visit the bat cave near Kusamba, which has thousands of the little rodents fluttering round, and the monkey forest at Sangeh, where larger animals

climb up your legs and pick your pockets. Both of these are rather unsettling. More ethnically, you may come across religious rituals with marchers carrying flags and clashing cymbals. Local agents will take you to cremation ceremonies, if you have a camera and not too many scruples.

And yet, as with Lombok, the culture of tourism does not extend very far back from the beaches. The other Bali is a land of volcanic grandeur, dramatic panoramas, pagoda-style temples, ruined palaces, with villagers bathing in the rivers (it is not polite to watch) or sipping rice terraces. And you do not have to go far to find it.

You may prefer, however, to skip the Balinese and stay in the big hotels, where the tastes of westerners are understood and catered for.

Half a dozen of us piled on a bed to watch the Princess of Wales on television, subtitled into the Bahasa Indonesia tongue, and rang for pina colodas. The waiter looked bemused until he recognised the subject of the programme: "Ah, Lady Dee," he said and smiled sympathetically. In Bali, east and west met long ago.

John Westbrooke was a guest of Garuda Indonesia airline (tel: 0171-486 3011), which was once famous for taking 24 hours to get to Bali from London but now does it in a mere 17 hours, with one stop in Abu Dhabi or Bangkok. Return fares from Garuda-appointed agents begin at £890. Hotel rooms on the two islands range from £2 to £750 a night; we enjoyed the Serai, on a quiet Bali beach near Candl Dasa, starting at £80.

They ride the waves by day and the discos by night

legend, and involve slow movements, delicate coiling of fingers, and much flashing of eyes. The best known is kecak, the one you see in photos with men sitting chanting in a circle, arms upraised; but this turns out

to have been invented in the 1930s, partly by Europeans, for a tourist film.

climb up your legs and pick your pockets. Both of these are rather unsettling. More ethnically, you may come across religious rituals with marchers carrying flags and clashing cymbals. Local agents will take you to cremation ceremonies, if you have a camera and not too many scruples.

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Vietnam Chopsticks, but it's not China

At 5am the woman with the pavement food stall opposite the hotel in Hanoi is pounding chillies. Crouched against a crumbling ochre wall, she beats out a steady rhythm for nearly an hour. Her daughter, light-skinned with a dab of rouge on each cheek and a plastic flower in her newly washed, shiny black hair, heaves tureens of water on to a charcoal burner. By 6.30am the first customers arrive, crouching on stools barely an inch from the ground, legs akimbo like watchful grasshoppers. The woman serves pho or soup, a noodle dish made of oxtail and seasoned with fresh ginger, cinnamon and star of anise. A bowl costs about 5 pence and is Vietnam's most popular dish, eaten throughout the day. By 8am trade has slowed. The schoolchildren set off on their big bikes, backs ramrod straight. The loudspeakers crackle out messages about hygiene and physical fitness. Like actors in a play, the woman and her daughter pack their things and a new vendor arrives. She is selling spring rolls (nem in the north, cha gio in the south). These are more delicate and crispier than the Chinese version, filled with shrimp, vermicelli, chopped onion and mushrooms. China, always treated with great suspicion by Vietnam, often tries to emphasise common bonds. Chinese officials point out that Vietnam, like China, uses chopsticks while the rest of south-east Asia is fork and spoon country. The Vietnamese emphasise the differences, particularly in cuisine. Vietnamese food reflects greater foreign influences, from France and also from Thailand to the south. In contrast to most cooking in China, the Vietnamese use a rich variety of fresh herbs. At a typical pavement lunch in Hanoi a large bowl of mint, basil, lettuce and parsley is placed on the table. A plate of star fruit, garlic and fiery peppers might also be on offer. The spring rolls are wrapped in lettuce and herbs and dipped into fish sauce, nuoc maom, another vital ingredient in Vietnamese dishes. Soup would be accompanied by barbecued pork (beware: during the cold winters in the north dog meat is considered a delicacy). A few years ago there were only a handful of restaurants in Hanoi and the city streets were lit by one or two light bulbs. People went to bed early. Now an influx of foreign investors and tourists has transformed the capital. The Cha Ca restaurant in the old part of the city is a survivor from the old days. There are only three tables. One dish is on offer. A charcoal burner with a frying pan is brought to the table. Chunks of fish are fried in oil. Mountains of fresh herbs are added. The fish is then placed on some cold white noodles. Sliced onions, nuts and fish sauce are added. It is excellent, washed down with a cold bottle of the locally produced 333 beer. Food tends to be more sophisticated and varied in southern Vietnam. The VY restaurant in Avenue Pasteur in Ho Chi Minh City (the former Saigon) advertises "a music de chambre with the piano, the guitar and the volon [sic]". The menu has some interesting items: "Fresh fish, shrimps, grilled under the patio. (You catch your own dishes.)" If that appears too challenging then try the lotus seed salad, Goi Ngo Sen Tom Thai. Silvers of shrimp or pork are served with lotus seeds, pungent herbs and nuts. A fish sauce laced with chillies is poured over. The French colonialists left a heavy imprint. In the smallest villages, vendors sell bread rolls. The Vietnamese also make their own version of paté, cha, sold in large round rolls and served hot or cold. It is usually made from finely ground pork, though, to confirm that Vietnam is different, more exotic ingredients such as cactus are also used.

Kieran Cooke



FOOD AND DRINK



# The FT's own-label beer

Giles MacDonogh - with professional help - makes a special brew

Along time ago, every teenage boy of my acquaintance spent his leisure hours tucked away in a potting shed, brewing beer. Anyone foolish enough to visit that household would then be forced to endure a tasting of what the lad had made: "Not bad eh?" the proud father would intone with no great conviction. Then, if he liked you, the glasses would be cleared away and a real drink would take its place. I do not come across a lot of home-brewed beer these days, but that does not mean it no longer exists. According to Iain Loe, of the Campaign for Real Ale, home-brewing is just as popular as it ever was. Camra publishes books on the subject and it appears that fanatics are no longer content to dash off a few pints of the stuff, but turn the house upside-down in their lust to produce their own ales and lagers. Graham Wheeler, a home-brewing authority, thinks there could be as many as 100,000 people who regularly

brew. Of these 20 per cent to 30 per cent would have the *avoir faire* to make something drinkable. For most people the attraction of beer-kits is price: free from excise duty it works out far cheaper than the pub. In some cases it could even be a better pint. After all, not so long ago all innkeepers brewed their own beer. One has only to think of the Latin-smattering, crooked publican in Smollett's *Roderick Random*, with his "Quadrimum", an "excellent ale of his own brewing, of which, he told us, he always had an 'amphora' four-years-old, for the use of himself and friends". In the last few months a new phenomenon has hit the home-brewing scene in Britain. Taking a cue from Canada (where the excise is even more draconian than that of the UK's), a handful of breweries have been created where you may go and brew your own beer in larger quantities and with idiot-proof recipes, then bottle it yourself with labels of your own invention. When I spoke to the experts about these new, self-service breweries, they were charitable enough, but they sniffed at the use of malt extract to cut short the long-winded mashing process. They also thought the quality of the beer would depend on the recipes, and that only with time would

Märzen. These included labels, bottles and packaging. It was decided to call the beer Bracken Ale, in honour of Brendan Bracken, one of the great figures in the paper's history. Bottles accounted for a quarter of the price, but it should be added that these are now your property, and you may use them for your next brew. Back at the Weekend FT bottles were broached. We were all struck by the hopiness of the beer, which had a rather English top-note, and not something I readily associated with German lager, but it slipped down all right. I am proudest, however, of the critique of one back who told me that he had not liked it when he had swigged it from the bottle, but had found it vastly improved when he had drunk it from a glass. Now, what better description could one want for a classy beer? My first attempt at home-brewing had been thoroughly vindicated. **The Great Stour Brewery Ltd, 75 Stour Street, Canterbury, Kent. Tel: 01227-763573.**

## The basic ingredient was lager extract, flavoured by hops and ground grains

these become finely honed and trustworthy. I could see it catching on, though. It would make a nice present for a beer-loving friend, a gimmick for a party, or a welcome addition to a boardroom that has everything else. When I received my bill the incidentals and membership fee had more than doubled the price of my 100 pints (in fact 50 litres) of

Cookery / Philippa Davenport

# How to start the day in a lazy way

**B**runch. The more I think about it, the more I like the idea. Not those socialite brunch parties but casual, care-free means of sliding late breakfast with early lunch on lazy Saturday and Sunday mornings. The aim, as I see it, is to break from the mood and foods of the punctilious, clockwatching working week, and to encourage relaxation. In other words, brunch means fresh meat patterns - and time off for the cook as well as everyone else. Muesli, grapefruit, toast and marmalade, those mainstays of modern daily breakfasts, are banned from the brunch table. That is not to suggest that an enormous fry-up should take their place. No, it is not the cholesterol count that puts me off. I find the idea of bacon, tomatoes, mushrooms, kidneys, sausages and fried bread pretty irresistible, but, although tempting to eat, they are no fun to cook. More easy-going foods are what I have in mind. Dishes that do not require an eagle eye kept on them. Foods that can be cooked ahead and reheated like a dream. Foods that eat well cold if, fingers crossed, there is an Indian summer in England. These are the things I am after.

Good ham, freshly carved from the bone by the local deli, served with Irish potato cakes or bubble and squeak, might fit the bill. Smoked haddock is another fine British contender, one of our island's tastiest fish and one that lends itself to a variety of treatments, cosy and sophisticated, hot and cold, classic and modern.

**POTTED HADDOCK WITH FENNEL AND OLIVES**  
A cool, elegant dish to remember for warm weekends when you want brunch to be more lunched than breakfasty, this will serve 2-4 and can be completely prepared a day ahead. It might be followed by pancakes or slices of toasted and buttered brioche, topped with blackberries gently warmed with sugar and a sprig of lemon balm or lemon-scented geranium leaves, and dollops of clotted cream. Put a fine 300g piece of smoked haddock fillet into a pan, skin side up, cutting it to fit the pan in a single layer. Pour on just enough cold water to cover the fish and bring to simmering point. Put on a lid and set aside for 10 minutes. Drain the fish well and lay it skin side down into a soup plate. Season it with plenty of pepper and 1/4 teaspoon crushed fennel seed; spoon on 3 tablespoons olive oil and 1 1/2 tablespoons lemon juice. Turn the fish skin side up and leave until cold. Skin and flake the fish and stir in 2-3 tablespoons chopped parsley (or 1 1/2 tablespoons each chopped parsley and fennel fronds), and 2 tablespoons snipped chives. Line 2-4 oval dariole moulds or similar with food film. Pack the fish mixture into them, tamping it down gently but firmly and chill before unmoulding for serving, garnished with fennel and black olive salad. To make the salad, trim and slice 2 fennel bulbs from fronds tips to root end. Cook the slices in boiling salted water until just tender but retaining some crunch, about 2 minutes. Drain, refresh and blot dry. Dress with salt, pepper, 1 tablespoon olive oil, 1 teaspoon lemon juice, 2 teaspoons parsley and scatter with olives.

Instead of the handing



round the usual chutney, I suggest offering fresh mango as a side dish, peeled, diced and showered with lime juice. Like all kedgeree, this reheats well. It ought to serve four people but two or three can easily demolish the lot. Put a 375g-400g thick piece of undyed smoked haddock into a pan, skin side up, with a couple of bay leaves. Just cover with cold water, bring quickly to simmering point, cover and set aside for 7 minutes. Drain, skin and flake the fish and keep it warm in a low oven, covered with an upturned soup plate to prevent drying out. Melt 50g butter. Soften a smallish, finely chopped onion in it, then stir in a very generous 1/2 teaspoon each curry powder, crushed cumin and coriander seeds, plus half as much crushed fennel seed and a good grinding of black pepper. Wash then boil 200g-225g basmati rice in the water in which the smoked haddock was cooked. Drain it when done and stir into the spiced onion butter. Add the flaked fish and a green snowstorm of chopped coriander leaves - no less than 7 tablespoons of my taste - and stir gently once again to distribute all the ingredients.

**BLOODY MARY**  
This is the perfect drink to partner potted haddock. The best version I have tasted was shaken - not stirred - by actor Richard Burton at regular intervals during the filming in Sardinia many moons ago of Joseph Losey's *Boom*. Burton's trick was to include a good deal of freshly squeezed lemon juice and celery salt (pure celery salt, none of that spicy mixed salt stuff), as well as a macho dash of Tabasco and Worcester sauce along with the mandatory vodka and tomato juice. How much of the last two ingredients are used, and in what ratio to each other, "can", as Burton put it, "be varied to suit the drinker".

## HADDE WITH GREEN GRAVY

Homey and soothing, this is comfort food par excellence for two people. Take one fine fillet of smoked haddock weighing about 350g (one big, thick piece tends to eat better than two smaller fillets). Chop an earthenware dish that will take the fish snugly in a single layer. Butter it thickly; 20g is not too much. Add 4 tablespoons of cream and a grinding of pepper. Lay the haddock in the dish, skin side up, cutting it into pieces as necessary to fit the dish, and lay a sheet of buttered paper over the fish. Slide the dish on to a hot baking sheet in an oven heated to 225°C (430°F) gas mark 7. Immediately reduce the temperature to 200°C (400°F) gas mark 6 and bake until the fish is just cooked. Ten to 12 minutes should be

**T**he franc fort policy is inflicting severe damage on France's top hotels and restaurants. Earlier this year Pierre Gagnaire had to close his three-star Michelin restaurant at St Etienne (it is reported that he will soon reopen in Paris) and now it is the turn of fellow three-star chef Marc Veyrat at Lake Annecy, reviewed last week on this page by Sue Style. It seems Veyrat's culinary skills considerably outweighed his business acumen - it now appears that his bankers have called in their loans, totalling FF40m, forcing Veyrat to close. **Nicholas Lander** ■ **Chichester Food Festival**, scheduled for September 24-25, has a cook-gardening theme this year and events will be centred on West Dean Gardens, north of Chichester. Highlights include a talk on walled kitchen gardens by Susan Campbell, author of *A History of Kitchen Gardening*, published this autumn by Ebury Press; a demonstrated talk on salad growing in small gardens by Joy Larkom, the renowned

## Appetisers Top chefs hit by franc policy

salad and vegetable expert: a wild mushroom hunt and cook-in by chef Nik Westcott; a children's picnic workshop (for 8- to 14-year-olds); and **The Festival Dinner**, at the Angel Hotel, Midhurst, cooked up by chefs Philip Britten, Rowley Leigh and Andy Stephenson. For further information and bookings tel: 01243-779239, or fax 12243-784241. **Philippa Davenport** ■ Turn on the television these days and it is hard to avoid seeing a chef. (Do Brian Turner and Antony Worrall-Thompson spend any time in their restaurants now, I wonder?) Catching a glimpse of top food writers and journalists in action is a rarer treat. But, happily, two of the best are due on stage at Diverthment's cookery theatre in Fulham Road, London SW3, on October 1. Colin Spencer, one of Britain's most respected vegetarian food writers, is scheduled for 10am. **Hugo Arnold**, the former Evening Standard columnist and author of *The After Work Cookbook* (Headline, £10.99), takes to the stove at 7pm. For bookings and details tel: 0171-581 8665. **PD** ■ Plastic measuring spoons are the bane of a cook's life. They go brittle and crack or snap with time, or distort if used to measure boiling liquids. At last I have found a long-life, solid-looking set made from heavy gauge stainless steel in the all-important sizes 1/4 teaspoon, 1/2 teaspoon, 1 teaspoon and 1 tablespoon. The only disadvantage is

that the set is linked in keyring-like fashion. I have prised it apart so that each spoon can be used independently. This makes the smaller spoons easier to lose. I agree, but it is better, I think, than having them all joined together, when measuring say a tablespoon of oil, then a teaspoon each of cumin and coriander seeds is liable to leave a trail of oil drips. Maybe the best solution is to have two sets, one kept on the ring, the other separated. Cost is £5.95 a set from Diverthment Mail Order. Tel: 0171-386 9911. **PD** ■ A new season of bread-making courses at the award-winning Village Bakery, Westminster, begins next month. The original two-day and newer five-day courses covering the fundamentals of breadmaking are joined by three courses on specific types of bread - Italian breads, flat-baked oven breads, and those in the northern European sourdough tradition. For more information ring: 01793-881515 or fax 01793-881848. **PD** ■ Mitchell Beazley has released a new edition of Michael Jackson's *Pocket Beer Book* (£8.99). The "Beer Hunter" has added to his discoveries around the world, notably in the US and Belgium. **GMcD** ■ Sparrow Pie and Spam is the engaging (for under 50s) title of an exhibition focusing on food and cookery from the Victorian era and the 1940s. It runs in Buckinghamshire's county museum, in Church Street, Aylesbury, until November 10. Monday to Saturday 10am-5pm, Sunday 2pm-5pm. Admission is free. **JJ**

Eating Out / Nicholas Lander

# Tempting tipples in New York

**R**estaurant goers and wine lovers in New York and Chicago should be quick to the phone this week to secure a lunch table at any of the seven restaurants which form part of Alan Stillman's New York Restaurant Group. The group will be holding its 19th annual wine week from Monday September 16 to Friday September 20. As a thank you to their regular customers - and an incentive to new clients - Stillman initiated the wine week 11 years ago, serving three wines free of charge. Such has been the scheme's success that next week his restaurants will serve 400 wines from 250 top producers from across the world, all of them complimentary. Given the size of Still-

man's restaurants, the figures involved are not insubstantial: 11,000 bottles of wine will be poured during the week at an average cost of \$30 a bottle retail. But the return has been impressive. With an ever-growing enthusiastic and knowledgeable customer base, the group's annual wine sales total \$8m. Nor should the wines disappoint. A sampling of those being served at one restaurant include Dom Pérignon and Veuve Clicquot champagne; Châteaux Meyney and Grand-Larose from Bordeaux; chardonnays from Jordan Vineyards, Edna Valley and Ferrari-Carano in California; and ports from Taylor and Sandeman. The six New York restaurants are: Cite 212-956 7100; Smith & Wollensky 212-753 1530; The Manhattan Ocean Club 212-371 7777; Park Avenue Café 212-644 1900; The Post House 212-935 2883; and Maloney & Forcella 212-750 2233. In Chicago, call Mrs Park's Tavern on 312-944 6414. In London, chefs, restaurateurs, builders and public relations companies have been busy ensuring a large number of restaurant openings this autumn. The next four months are usually the busiest of the year for restaurants in the UK. The owners of Livebait at 47 The Cut, Waterloo, SE1 (0171-928 7211), one of my favourite fish restaurants, have been able to capitalise on their early success by taking over the shop next door to increase seating by up to 40 covers. The choice, and consequently the competition, along this stretch of the Thames, neglected for so long by restaurateurs other than Nigel Williams at R57 in Cole Street (0171-928 4554), will increase even more on Thursday. Harvey Nichols opens its second bar, brasserie and restaurant - on the eighth floor of the Oxo Tower, Southwark, SE1, overlooking the Thames (0171-803 8888). The lunch menu will cost £23.50 for three courses.

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مطعمان الاصيل



BOOKS

One-legged and on a tightrope

Jeffrey Bernard is, clearly, a cult figure. If I note that I had never read a word he had written until I received this collection of his writings from the Spectator, I suppose I am revealing ignorance on a Brobdingnagian scale. (Nor, for that matter, have I seen the staging in which Peter O'Toole played the author, Jeffrey Bernard is Unwell in London.)

I turn to the Spectator with constant pleasure, but have always resisted its High Life and Low Life columns: the first because of the steady drip-drip of name-drops, which is as boring as any other kind of bad plumbing; Jeffrey Bernard's column because the pub-world of which he is a denizen is more remote to me than the craters of the moon.

REACH FOR THE GROUND by Jeffrey Bernard Duckworth £8.99, 216 pages

amputation, and with a good deal of acrobatic he soaps his defiance. What I distrust in all this is what I distrust in people who turn into "professional" commentators, be it about food or gardens or Wales. Role-playing takes over: the Welsh get Welsher, the gardeners are decked with bast at every pocket, the foodies become more tricky and snobbish with each dish.

Clement Crisp

Fiction / Michael Pollard Gay life, love and Aids

It is commonplace nowadays that new novels by gay authors bear the critical imprimatur of Edmund White, and are largely - when not exclusively - about Aids.

New York and California than Margaret Mitchell's magnum opus, below of all nations - was ever so Deep South.

LIKE PEOPLE IN HISTORY by Felice Picano Abacus £6.99, 512 pages

AMERICAN STUDIES by Mark Merlis Fourth Estate £6.99, 275 pages

genuinely literary treatment of a taboo regarded as second only to incest, and the epidemic of the 1980s and 1990s has added a rich seam of humanity to the fictional evocation of a world which has too often been considered febrile and frivolous.

NEW AUTHORS PUBLISH YOUR WORK ALL SUBJECTS CONSIDERED



Children playing in Piewman's Terrace, 1973, by John Minihan, one of a collection of photographs taken over the past 35 years of his home town of Athy, County Kildare, and shown in his new book 'Shadows From The Pale: Portrait of an Irish Town', Secker & Warburg £20, 117 pages

Strong case for an Irish hero

The pendulum of sympathy is swinging in favour of Michael Collins, says Kieran Cooke

Michael Collins is the most argued over man in modern Irish history. To some he is the great patriot who organised the Irish struggle against the British in the 1916-1922 period, a romantic, Will O' the Wisp character who, had he not been cut down so cruelly when only 31 by a bullet from a fellow Irishman, would have gone on to lead his country to a glorious future.

The pendulum of sympathy is swinging in Collins favour. Neil Jordan's film to be released later, starring Liam Neeson, is likely to enhance the Collins image. The man who was always known as "The Big Fellow" (Collins was tall, good looking, a sportsman whose favourite leisure activity was a bout of wrestling, usually ending in hitting off a piece of his defeated opponent's ear) is being built into an Irish hero.

James Mackay is at the forefront of the pro Collins forces. Collins came from a poor farming family in Cork. As a bright teenager, he beat the well-trodden path across to London. There, while working as a clerk in the City, he immersed himself in the expatriate Irish community and was fired by ideas of Irish independence. At one stage the young Collins was working for the Board of Trade by day while training with the "Volunteers", the fledgling Irish army, by night.

and the future president of Ireland disguising themselves as a courting couple and walking cheerily past the British guards.

De Valera would later become Collins' main opponent. To Mackay, De Valera, the man who was to dominate much of Ireland's political life till his death in 1975, was the traitor, not Collins. De Valera was safely in the US while Collins risked his life organising the struggle at home. De Valera sent Collins to the London negotiations but then stabbed him in the back by rejecting the Treaty. So the civil war began, with Irish people killing each other in far greater numbers than in the struggle against the British. The divisions of that feud continue to haunt Irish political life.

De Valera is shown as vindictive and petty. Years after Collins was shot, De Valera would object to a memorial being built. Up till 1971 members of the armed forces were forbidden attendance at the annual Collins memorial ceremony. Shortly before his death De Valera wondered whether his carefully constructed image would endure: "It's my considered opinion that in the fullness of time history will record the greatness of Collins and it will be recorded at my expense."

Mackay goes over much of the material in Tim Pat Coogan's ear-ner work. Mackay has a more thorough description of the Treaty negotiations and the peculiar mutual respect that grew between Collins and his British adversaries, notably Churchill and Lord Birkenhead. Coogan tends to be more critical of Collins, especially in connection to Northern Ireland. On one hand Collins the pragmatist signed the Treaty believing it to be a first step on the road to full independence. On the other Collins the staunch nationalist did much to undermine the terms of the Treaty by supporting further armed action against the British in Ulster.

Bread and potato for the land girls

Living conditions for the Women's Land Army ranged from barbaric to sybaritic, finds Gillian Beer

In the late 1930s, just before the second world war, Britain imported 70 per cent of its food while Germany produced four-fifths of its own. This stark and potentially disastrous contrast was the worse because Britain is an island, "set in a silver sea". Suddenly the sea became a threat, not an opportunity: barbed wire sprouted on beaches, the land contracted in upon itself. Men joined the forces and left the land: in 1940 there was a shortfall of 50,000 agricultural workers. Starvation became a threat as strong as invasion.

Into this dismal picture of mismanagement came the Women's Land Army, an organisation that had thrived, despite initial delay and discouragement from Whitehall, its founder, Lady Denman, was a tough radical aristocrat, involved with the Land Settlement Association, the Women's Institute, and first chairman of the Family Planning Association.

farmers (and farmer's wives) which only very gradually gave way to appreciation. Unlike the women in the armed services, land girls rarely came together as a corps. They were a one-rank service. Urban girls were pitched

THEY FOUGHT IN THE FIELDS: THE WOMEN'S LAND ARMY. THE STORY OF A FORGOTTEN VICTORY by Nicola Tyrer Sinclair-Stevenson £16.99, 242 pages

forked into the countryside. Class prejudice against them showed in mean ways: in the pubs and from the government, in the inadequate uniforms provided - leaky boots, lack of greatcoats. The Timber Corps of the WLA lived a different kind of life, disciplined but itinerant, walking in teams vast distances in forests and living in huddled camps, tree-felling and pole marking. They saw themselves, and were seen by many outsiders, as the elite.

protest when, with appalling unfairness, land girls were excluded from all the post-war benefits and resettlement grants accorded to the armed services and to civil defence and other auxiliary workers. Nicola Tyrer harks back to the land army as a model for a non-confrontational feminism. Certainly it made women independent, sometimes lastingly so: "I'm 77 and I've just repointed a stone wall and lowered a ten-foot hedge to six feet." The story she tells, however, demonstrates central chauvinism obdurate in the face of women's hard work and flexibility.

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ARTS



"Lotus" by Zhang Daqian (1951): a group of artists whose bravura technical command could only be born of long study and practice and deep understanding

British Museum

# Living tradition from China

William Packer on lessons we can learn from modern painters who are not afraid of the past

We are all the victims of our prejudices, and one of the most enduring, not entirely without reason, is that in art ours is an age of decadence and decline.

An example of this belief is the art of China, in particular the ancient tradition of landscape painting in water colour on paper that goes back 2,000 years or more. The received wisdom has it that its modern exponents must of course be inferior, for are they not modern? We balk instinctively, it seems, at the very idea that a tradition should continue, vigorous and authentic, into our own time.

And now comes an exhibition to the British Museum of Chinese painting in the 20th century that turns that wisdom on its head, showing us that it does not necessarily follow that to be steeped in a tradition is, as an artist, to set oneself apart from one's own time, to be essentially unmodern and thus irrelevant.

It suggests, of course, if we have the wit to take the hint, that we too may have lost more than we know in our own assumption that old

practice and example should be cast aside for the sake of the new. We have had our cultural revolution too. It is indeed rather moving, going round this always remarkable and at times extremely beautiful show, to note just when particular works were painted, and so to remember that behind

**Tianjian paints an allegory all too politically correct for 1961**

their calm, ironical self-possession lies the history of China's own turbulent century.

In the 1940s, with China first under Japanese occupation and then riven by civil war, Fu Baoshi conjures out of an exquisite, near-abstract calligraphy the most haunting, wistful evocations of mountains and forests, through which, half-con-

cealed, move ancient scholars and philosophers.

In 1961, with China in the toils of the Great Leap Forward, He Tianjian paints an allegory all too politically correct of the sturdy pines sprung from the fertile blood-red soil of communism. However, it is the graphic vigour of his actual description of the trees, the way it is done, reconciling conventional idiom with an entirely personal and direct excitement, that astonishes and impresses.

But chronology is not the point. Rather it is a question of continuity and change running together, a mutual counterpoint. From the times of the last emperors through to the present comparative openness of the People's Republic, artists have travelled abroad, now to Japan, now to Europe or the US, looking and learning and picking up influences, to assimilate them on their return without compromising either personal or cultural identities.

Lin Fengmian goes to Paris in the 1920s where clearly he looks at Modigli-

ani and Matisse. Zhao Chunxiang is in post-war New York and responds directly to abstract expressionism.

What registers in each such case is not so much the contemporary response - and why indeed should an artist not respond to the art of his own time? - as the sensibility which makes it its own.

Rather more to the point, for we are too inclined perhaps to arrogate the primacy in such things to our European tradition, there is a real sense that these artists are but noticing what is going on elsewhere from the vantage of tradition and practice of somewhat earlier foundation.

When it came to abstraction and expressionism, the mark made for his own sake, the register in itself of action and sensation, it was we, perhaps, who were doing the catching up.

Always, at every turn, we come back to that quality of mark and surface, to painting as painting, and to the extraordinary graphic assurance and adventure with

which it is done. Such bravura technical command could only be born of long study and practice, and deep understanding.

That so swift and light a touch should so often display a wit to match is a wonderful bonus, and much of the imagery is indeed very funny - those tiny woe-

**Some of the imagery is rather mawkish and sweet for Western taste**

begone travellers on the mountain of Fu Baoshi; the tiny raft of Shi Lu dwarfed by the fierce abstract swirl of mountains along the Yellow River; the baleful cows of Zhou Siqiong.

It is, it must be said, an uneven exhibition, with some of the imagery rather mawkish and sweet for Western taste, and the work more obviously and self-con-

sciously derivative of Western example frankly unsuccessful.

But at its best, which is the general case, where an unselfconscious contemporary sits happily at one with the encompassing tradition, it is at once fascinating and entralling.

This is, moreover, a salutary exhibition. Something of what we ourselves have lost, in the modern abandonment of our own graphic disciplines, may be seen for one more week in the oddly complementary display next door of 19th century French drawings from the museum's own collections. A woman at a café by Lautrec, two dancers at the bar by Degas, a little wash landscape by Delacroix, some scratchy fields by Van Gogh - these, so very European as they are, are yet not so far removed in their graphic freedom and assurance. We must draw the moral for ourselves.

**Twentieth Century Chinese Painting: Tradition & Innovation. British Museum, Great Russell Street WC1, sponsored by Miss Kai-Yin Lo, Miss Marina Lo and Mrs May Lau, until September 23.**

## Radio / Martin Hoyle

# Aliens and the Middle Englanders

Readers of the Financial Times especially will be glad to hear that they can now insure themselves against being abducted by aliens and interfered with.

As Radio 4 listeners heard last weekend, it is possible to claim some small pecuniary comfort if you have been taken to Alpha Centauri and experimented on to the extent of having something "implanted in your nasal shaft".

I am not sure if Lloyd's would cover a professional critic, but plenty gets implanted in my nasal shaft in the course of a week's listening. With the fiftieth anniversary celebrations of Radio 3, alas the Third Programme, looming on the horizon, it is tempting to analyse the violent reaction against the station's alleged down-market progress as embodied in such experiments as Paul Gambaccini's morning slot or even Brian Kay presenting.

Gambaccini's case was interesting. He inspired vitriol from what John Peel called "Middle England". I have never understood what Middle England is, nor I suspect do many who toss off the phrase.

The reaction to Gambaccini sprang not from his transatlantic accent, nor from a hackneyed choice of music; nor because of his pop music background per se. It stemmed from the impression he gave of hushed reverence in the presence of high art, stepping cautiously into the temple of culture. Listeners got the impression that they knew more than he did. And middle, top and bottom Englanders tuning in to Radio 3 seek experts to look up to. If not, why bother? We could do the job better ourselves.

Brian Kay teeters on the edge of the amateurish mawkish, acceptable on Radio 2 but not 3 (or frankly 4, though his stop-gap function of 15 minutes on Sunday night is just bearable). When he dismissed *An Italian Straw Hat* as less famous than the music it inspired in Ibert's *Déshabillé* he patently had no clue that Labiche's immortal farce is

still played, became a classic French film, has been set as a successful modern comic opera, and was a West End musical not so long ago. What are producers for?

The other extreme is represented by Humphrey Burton, who fronts two and a half hours of the portentously-named *Humphrey Burton's Masterworks* with artless egotism every Saturday. At least Burton has worked in the business for years and has first-hand experience to fall back on rather than woolly and inaccurate chaffiness.

These reflections on how programme makers prefer to patronise us nervously rather than disinterestedly were prompted by a new series of *Fourth Column Revisited*. The first item was Victoria Coren daringly being facetious about the Duchess of York in common with most of the British public - to judge by the droves that stayed away from the Edinburgh Fringe show which marked Ms Coren's show-biz breakthrough some years ago - I find the Duchess of York infinitely more entertaining than Victoria Coren. She became famous through marriage, which means someone at some point chose her. Victoria Coren, I suspect, owes her fame to name and pedigree, which, as we all know, is not a matter of conscious choice. And so it continued. Someone called Ian Macmillan talked drolly about what he called Ian Macmillanish things happening, perhaps with an eye on the Humphrey Burton self-advertisement slot *Subjects were as predictable as in the old Punch*. One was declared you hear nothing about crop circles these days. Two items later someone talked about crop circles. John Walters spoke in his funny voice. Fat phrases recalled the sixth-form essay competition. Ironically, the presenter, Peter Timmiswood, has real wit; but all he did was present.

And now excuse me: never mind the crop circles - I think a small green BBC producer has implanted something in my nasal shaft.

Have you ever seen *Supermarket Sweep*? Probably not, unless you have recently been ill-deprived of books, and reduced to watching daytime television. Yet all of us should know about it, first because it is a mind-boggling phenomenon and, second, because it may well exemplify the sort of television of which there will be a great deal more very soon.

Few FT readers have a chance to watch mid-week daytime programmes. However, it can be argued that for this very reason the FT television critic should keep a watching brief. That, anyway, was the reasoning behind the decision to watch ITV's much-hyped new series of *This Morning*, for which the presenters, Richard Madeley and Judy Finnigan, had made the ultimate sacrifice and moved their sofa to London.

However, television critics have as much trouble as everyone else with video recorders, and the little Japanese gem that was supposed to record for three hours each morning starting at 10am chose instead to begin at 7am and end at 10am. Thus it missed *This Morning* but captured *Supermarket Sweep*, which has to be seen to be believed.

It must have its origins, presumably, in one of those

## Television/Christopher Dunkley

# Sex and simple shopping

brain-storming programme sessions where one person said: "What we need is a new cheap game show for the daytime", and somebody else said: "What do daytime viewers know a lot about?"

And eventually, in a moment reminiscent of Archimedes leaping from the bath, a third shrieked "Supermarket shopping!" And that was it.

Three teams of two, standing in a studio supermarket set, compete first to win time - seconds and minutes. This is used during the climax of the show when they dash round the shelves filling their trolleys with goods which (a touch of genius, this) do not become the property of the competitors but are translated into money which is given to charity. There is no such thing as a complicated game show, and sure enough this one is simplicity itself. Told: "These wet tissues come in a blue-topped pack..." the contestant screams: "Baby Wipes!" and punches the air. It makes *The Price Is Right*

look Euclidean and a pub quiz seem like something for which you must need a PhD.

But what really matters is the personality of the host and the atmosphere he creates. *Supermarket Sweep* is hosted by Dale Winton, a tall, lefty, man who dresses in Nehru jackets, does not look the least bit like Julian Clary, eschews lipstick and beauty spots, and yet is as camp as a field full of bell tents. True, he flirts with the women at least as much as, if not more than, the men. He asks two actresses from *Emmerdale* whether they ever really go shopping together and one says they have occasionally met in a big supermarket.

"Bigger than mine!" asks Dale wistfully, leaning on the edge of the contestants' desk, rising on one toe, and kicking up his left leg from the knee behind him. "No, not as big as yours, Dale," says the actress, grinning meaningfully. "Malandra, size isn't everything," Dale scolds. "S'not what I've

heard!" scoffs Malandra and both actresses collapse in peals of mirth.

The level of suggestiveness is round about that of Frankie Howard, though the old idea of always pretending that wickedness lies in the imagination of the beholder is, in this explicit age, being left behind. "When you see someone bending down you look," says Winton. "Well I do."

The most questionable aspect of a wholly synthetic occasion is the ersatz enthusiasm which is required from everyone and which is boosted to cod hysteria at all punctuation points (commercial break and so on). Nobody ever walks anywhere - they jog. Nobody gets the price of a pot of fish paste right and says: "Oh I am pleased"; they shout: "Whoo! Hood!" clench their fists to heaven and throw themselves into the arms of their partners. At the climax of the show they go "Warried in the arses!" (wild in the aisles).

Modern technology, we are perpetually told, is bringing us scores, or maybe thousands, of new television channels. All will be cheap, most will strain to be cheerful, and *Supermarket Sweep* will be precisely what an awful lot of them will strive to emulate. This what they will be looking up to. Have your subscriptions ready.

# Mousehouse on show

Disney designs are to star in Venice, says Christopher Parkes

Architecture from the Walt Disney Company, a pixilated design form which has sprung from the cartoon storyboard into "real life" service in office buildings and houses, has been selected to represent US artistic endeavour at one of the world's leading art showcases.

Works disparaged as "archtorture" in some critical circles, and representing the efforts of three dozen top-rank architects and untold hundreds from Disney's "Imagineering" division, will fill the entire US pavilion at the Venice Biennale.

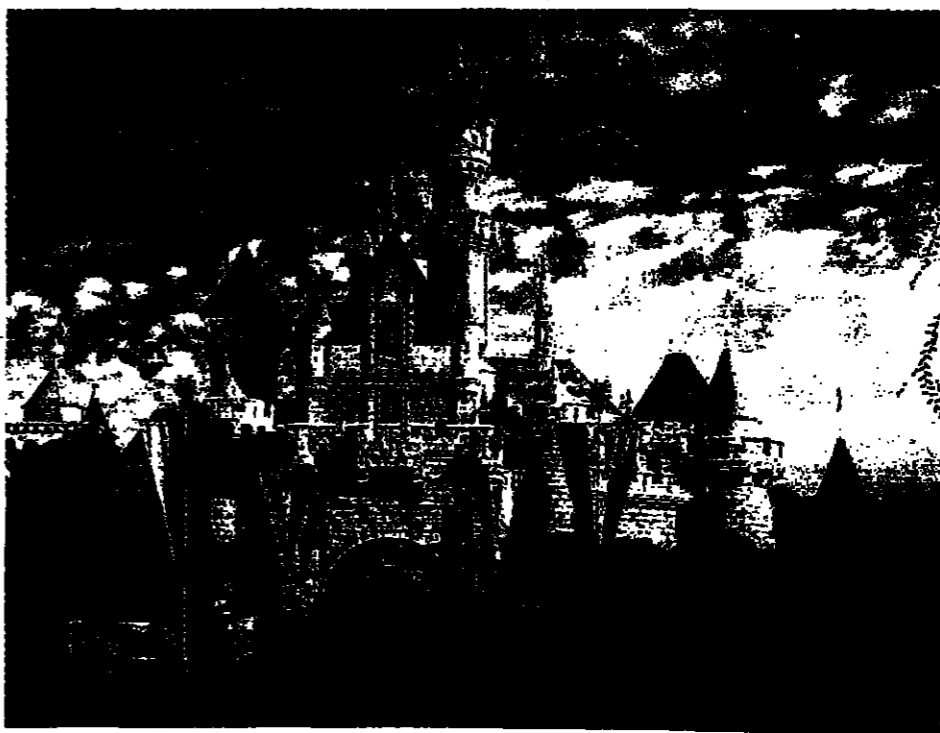
The exhibition, which opens on September 15, is likely to prove a rigorous test for "entertainment architecture" which has gained some status and recognition in the US.

The 150 exhibits will span the 40-plus years between the opening of Disneyland in Anaheim and the recent arrival of the first residents in Celebration. This idealised new town community in Florida planned to foster lost "traditional" social attributes such as walking to the shops and talking to the neighbours.

The coup for Disney marks an ingenious response from the Solomon Guggenheim Foundation, a major arts patron which owns the US pavilion in Venice site, to the withdrawal of US government funding for the biennial event. Short of cash, the US Information Agency, which in past years underwrote displays of works by leading artists and architects, has now left the foundation to its own devices.

Accordingly, the pavilion which introduced Warhol soup cans to the world's gaze, will this year display a mode of Disney's animation studios in Burbank.

This building, seen daily by thousands of commuters



The Sleeping Beauty Castle at Disneyland: architectural inspiration

on the Ventura Freeway, boasts a conical centrepiece decked out as the apprentice sorcerer's hat worn by Mickey Mouse in *Fantasia*. The rockline is adapted from the profile of the Mad Hatter's tea-party topper.

The structure, which houses offices in the "hats", and studios, and frises areas inside its main body where the creative types work, was designed by Robert A.M. Stern, and completed last year. Corporate headquarters, home to Mr Michael Eisner, the Disney chairman who 10 years ago was persuaded to scrap his notion for a Mickey Mouse-shaped hotel, will also feature. This jolly item, notable for a roof held up by giant sandstone caryatids modelled on Snow White's seven dwarf co-stars is the work of Mr Michael Graves.

Despite the designer's reputation for controversial

designs, his original drawings were deemed too dull by Mr Eisner, who said the facade looked like a bank.

Although the origins of Mousehouse architecture lie, as with most Disney manifestations, with the company's failed founder, Mr Eisner has been the main driver of its development since he joined the group in 1984.

He appointed Mr Stern to the group board as a token of his commitment to the notion that art and popular entertainment can intermingled happily and profitably - and his professed desire to do something bolder and "more fun" than making "transitory" films.

According to the book *Building a Dream*, to be published to coincide with the biennial opening, there is no shortage of architects willing to take the Disney challenge. "Architecture should not be esoteric," Mr Robert

Venturi, one of the fast-growing Mousehouse school said. It should be open to interpretations by many people, he added. "And besides, we like to do architecture that children like."

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ARTS

# Modern Oedipus in ancient Greece

David Murray on Sophocles' plays in Epidaurus

Ancient Epidaurus pronounced "eh-peetha-vross" by modern Greeks - is about three hours south-east of Athens, round about the Bay of Salamis and down. It boasts one of the best-preserved theatres of the old Greek world, from 4BC, is beautiful to behold and is an acoustic miracle. Sophocles' *Oedipus Rex* was first put on there.

Originally the theatre was just one component of a whole devout complex, the sanctuary of Asclepius the healer - almost a kind of spa, where people came for curative baths. In recent times, with the bathing confined to nearby Aegean beaches, Epidaurus has become a summer showcase for theatrical work that suits it: ancient Greek drama reinterpreted in modern Greek, and classy foreign productions with the right gravitas.

Our National Theatre took Aeschylus' *Orestes* there in 1982, as famously staged by Sir Peter Hall, and in 1989 his productions of three late Shakespeares. Now that he has returned to the NT to produce Sophocles' two *Oedipus* plays (which open tonight in the Olivier theatre), it should be natural that he should want to try them first at Epidaurus.

There were unforeseeable problems. At the last moment the Greek archaeological authorities fretted over Sir Peter's open flames

in large petrol barrels for *Oedipus Rex*, and the explosions of thunder in *Oedipus at Colonus*; and then his *Oedipus*. Alan Howard, fell off the raised central runway during the dress rehearsal, suffering a nasty compound fracture of the wrist. Howard insisted on going through with the public performances, his wrist-cast painted to match his sleeve, but his physical person was visibly constricted.

A serious loss, for an actor in a mock-antique, full-face mask (all the actors are masked by Dionysis Fotopoulos, with a poignant "lost" pathos which is palpably modern). His cautious arm gestures were too small for the Epidaurus spaces, too little suggestive of either the younger Oedipus's arrogant authority or the ex-king's weary dignity. Instead, the notorious Howard voice had to carry everything: bizarre operatic roulades and fluting, ultra-measured speech, with sudden stabbing insights into meaning.

More temperate but heartfelt accounts of Queen Jocasta and (in the second play) his loyal daughter Antigone, by Suzanne Berish and Tanya Moodie, went some way toward restoring a classical balance. The masked Chorus disported themselves expressively, though their modest dancing looked mingy in this huge arena.

Yet we lost not one word, except when an actor's mouth was briefly misaligned with his mask. Hearing *Oedipus at Colonus* from the high rear-most seats at Epidaurus, I missed nothing. If there is a gravel problem - and there is - it is with Ramjit Bolt's translation. The great Greek dramatists wrote their plays in several different metres, according to context, none of them reproducible in modern English. Bolt has opted for rhyming pentameter couplets throughout modern-casual (loads of contractions, "I'm" and "we're" and "he's"), and breezily succinct, not to say chirpy, not to say flippant.

Imagine the fraught blank verse of *Hamlet* or *King Lear* re-worded into rhymed couplets like Romeo's, or *Two Gentlemen of Verona*, (which needs a considerable imaginative effort). Then extend the exercise: suppose that Dorothy Parker has been invited to crystallise *Lear* into brisk two-liners, striving manfully to keep a straight face.

That is pretty much what Bolt gives us, and what Hall has had to direct. It sits badly with the staging; at high points, it sounds off-hand-colloquial when the actors strive valiantly after lofty pronouncements. The net result is lucid, but all too plain.

Where we ought to be gripped, we are merely interested. There is more to Sophocles than that.

Sponsored by the Bank of Greece



Alan Howard as the masked Oedipus in Sir Peter Hall's production

# Opera / Richard Fairman Lots of tricks but no magic

Apparently, there were eight weeks of rehearsal for this production of *The Magic Flute* and it is not hard to see where they went. The cast make a spectacular entrance as circus performers, turning somersaults, walking on stilts, juggling and doing acrobatics with remarkable skill.

To get a group of opera singers to master tricks like these is an achievement in itself. It is just a shame that time seems to have run out before anybody at Opera Factory got round to thinking about the music or drama for the company's new production. Much of the singing that follows is woefully inadequate and the producer soon loses his grip on the high wire and falls to earth with a bump.

In the past David Freeman's Opera Factory productions, including three previous Mozart operas, have been the subject of controversy, but the only outrage likely to be felt this time round will come from people who believe *The Magic Flute* has some deeper meaning worth probing. The circus setting is a sham. Freeman makes Sarastro the ringmaster and Papageno a clown, but that is it. There is none of the ingenuity shown by the producer who set Gounod's *Faust* in a circus some years back.

At least that means the characters emerge much as we usually know them. Thóra Einarsson's soprano is almost laser-bright and her Famina attracts notice for being sung with some promise. Richard Chew as Papageno the clown manages to find pathos as well as low-grade humour ("Blimey!", he exclaims, when he finds what his magic bells can do).

Apart from Andrew Burden's sturdy Tamino, I prefer to pass over the rest, pausing to note that they all work hard.

The orchestra plays Jonathan Dove's scaled-down version of the score, originally made for the City of Birmingham Touring Opera. It is a more drastic re-writing than most arrangements of this kind, including an optimistic part for solo trumpet that sounds as if it has come straight out of Musorgsky's *Pictures*. Nicholas Kok hurries his small band along, sometimes behind the singers, but usually in front.

The most delightful credit in the programme goes to All Bongo as Magic Consultant, who obviously has a grudge against somebody and has thrown a horrible spell over the whole affair. There is nothing to this *Magic Flute*, no sharpness of intellect, no warmth of emotion, certainly no wisdom. As Papageno remarks, it is all "one sandwich short of a picnic". Quite so.

Sponsored by Buchler Phillips Consulting and Valmet. Further performances at the Queen Elizabeth Hall until September 20, then on tour

# Paris goes on show

Nicholas Powell on the 18th Biennale fair

Paris's Biennale Internationale des Antiquaires has always been considered itself the mother of arts and antiques shows, more spacious and with more exhibitors than London's Grosvenor House, more luxurious than Maistrick.

Despite the rivalry of other major fairs, which every year steal a little more of the Biennale's thunder, the Paris show remains a major fixture for collectors on account of its high quality, the seriousness of the vetting procedure for every item and the theatrical care taken over presentation.

With the huge Grand Palais still closed for repair, this year's 18th Biennale will again be tucked away in the Carrousel du Louvre, the luxury underground shopping mall next door to the Louvre museum. One hundred and twenty dealers, including 30 from Britain, Germany, Belgium, Italy and the US, hope to see up to 90,000 visitors between September 13-29.

With the French art market deeply depressed, the dealers' syndicate running the Biennale is pinning a lot of hope on American collectors and decorators. A US patrons' committee has been created, assembling 200 prominent and well-heeled names, under the patronage of Nancy Reagan (who will not be coming). Many of them will attend a pre-opening gala dinner and private visit of the fair and the social momentum thus whipped up in the US, should, organisers hope, encourage the sales.

Seductive visual appeal to offset the relative lack of volume and the total absence of daylight in the Carrousel is all important this year. Curator Christian Lacroix dropped out at the last minute from a project for something the organisers call "dressing" the main foyer, but Biennale architect Patrick Jouanet has decorated the four main exhibition halls in warm "Provencal" colours and decked stands with Louis XVI-style gold wood mouldings. Cooks from some of France's best provincial restaurants, meanwhile, will provide food.

As ever, the Biennale covers every aspect of collecting, from tapestries to antique books, medieval and renaissance art, Art Deco and porcelain - there will be 12 specialists in this field alone. But the Paris fair owes its reputation in particular to the very best French furniture of the 18th century.

This year, among other top-notch dealers, Maurice Segoura will be asking around £300,000 for a particularly fine commode with spectacular decoration in lacquer by the cabinet maker Mathieu Criaerd. Jean Glismont will show an exceptional pair of coffers in Bouille marquetry made around 1710.

This Biennale has introduced a greater degree of variety into its exhibits. Modern art, of a very classical, big name sort and only up until 1950 has finally made its entry into the fair with three dealers, all Parisians, who will be counting more than most on American custom. More primitive art - African, Oceanian and Pre-Columbian - will also be on show and ancient art from the Far East, in particular China, will have pride of place on no fewer than eight stands.

Gisele Croes of Brussels will show a magnificent set of bronzes from the 18BC to 2BC and a small collection of Warring Kingdoms belt-hooks (BC) made of gold, silver, glass and bone. Christian Deydier, a French dealer based in London, will exhibit a collection of 18 ancient Chinese horses in terracotta, ceramic and bronze dating from the 5BC to 10AD.

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International Secretariat, 1196 Gland, Switzerland.



'Harlem' 1947, by French photographer Henri Cartier-Bresson, to be seen at the Equitable Gallery, New York, in an exhibition 'Henri Cartier-Bresson in America' 1935-1975, from September 19 to November 2.

## FOR THE SAKE OF THE CHILDREN WE GAVE THEM A NURSERY.



COLLECTING

# Auction rooms yield to nostalgia

At the beginning of a new term in the salerooms, Antony Thorncroft looks at how connoisseurship has given way to other obsessions

It is September and the saleroom catalogues and the exhibition invitations start to sprout again on collectors' door mats, like spring crocuses. Another antiques season is starting and one that holds more promise than any for the past six years.

The recession battered the trade hard, and the first tentative signs of revival early in 1995 soon withered. But in recent months business has picked up noticeably. With the economies of both the UK and the US starting to resurge, it would be surprising if there was not a renewal of interest in antiques.

The word "antiques" is used loosely. Most objects sold in the auction rooms, in dealers' shops, and certainly in the antique fairs and antique markets which now service the bulk of buyers, can no longer be regarded as antiques - that is, objects which are more than 100 years old.

In the past 30 years the finest objects of the past, especially paintings and furniture, have entered muse-

ums, or reclusive collections. Even Sotheby's and Christie's are forced to promote objects as masterpieces which they would have snubbed in 1960.

The obsession with nostalgia, and the decline in connoisseurship, means that most new collectors are

**Those keen to spot 'antiques' need only visit street markets**

acquiring objects created in the 20th century, or in their own youth.

On Thursday, Christie's South Kensington held a sale of pop memorabilia, including almost 20 lots relating to the Sex Pistols. Next week it is offering auctions of Guinness advertising ware and of modern design, including furniture made in 1994. The collectors' needs are driving the market.

Anyone anxious to spot the latest "antiques" needs only visit street markets, such as Greenwich in London, or the fairs, like the vast gatherings at Newark, in Nottinghamshire.

There collectors can, for a few pounds, become dealers overnight, buying space to sell items in which they have lost interest. There the Trekkies and the telephone card fanatics can indulge their passions.

A trip to either of Bennie Gray's two London antique markets, Alfies in Church Street, Marylebone, or Grays in Davies Street, will give a more rounded, in-depth look into the trade at the start of a new season.

The omens are good. At both markets, each with around 200 stands, there are few spaces available for rent. By Christmas Gray expects a waiting list.

Bennie Gray set up Alfies, London's first covered antiques market, 20 years ago, and a year later added Grays. Trade was different then. There were still furniture and picture dealers who, driven out of their shops by high overheads, were happy to carry on business in the arcades.

The recession of 1990 brought in another wave of dealers desperate to cut costs, but this time they might be trading in jewellery, or art deco, or toys. In Grays, where the charge for taking a stand ranges from £50 to £300 a week, there are still traditional dealers in jewellery. (Gray claims the largest choice of antique jewels in the world), antiques, oriental works of art, and toys, and although most items sell for less than £200 the occasional object may exceed £10,000.

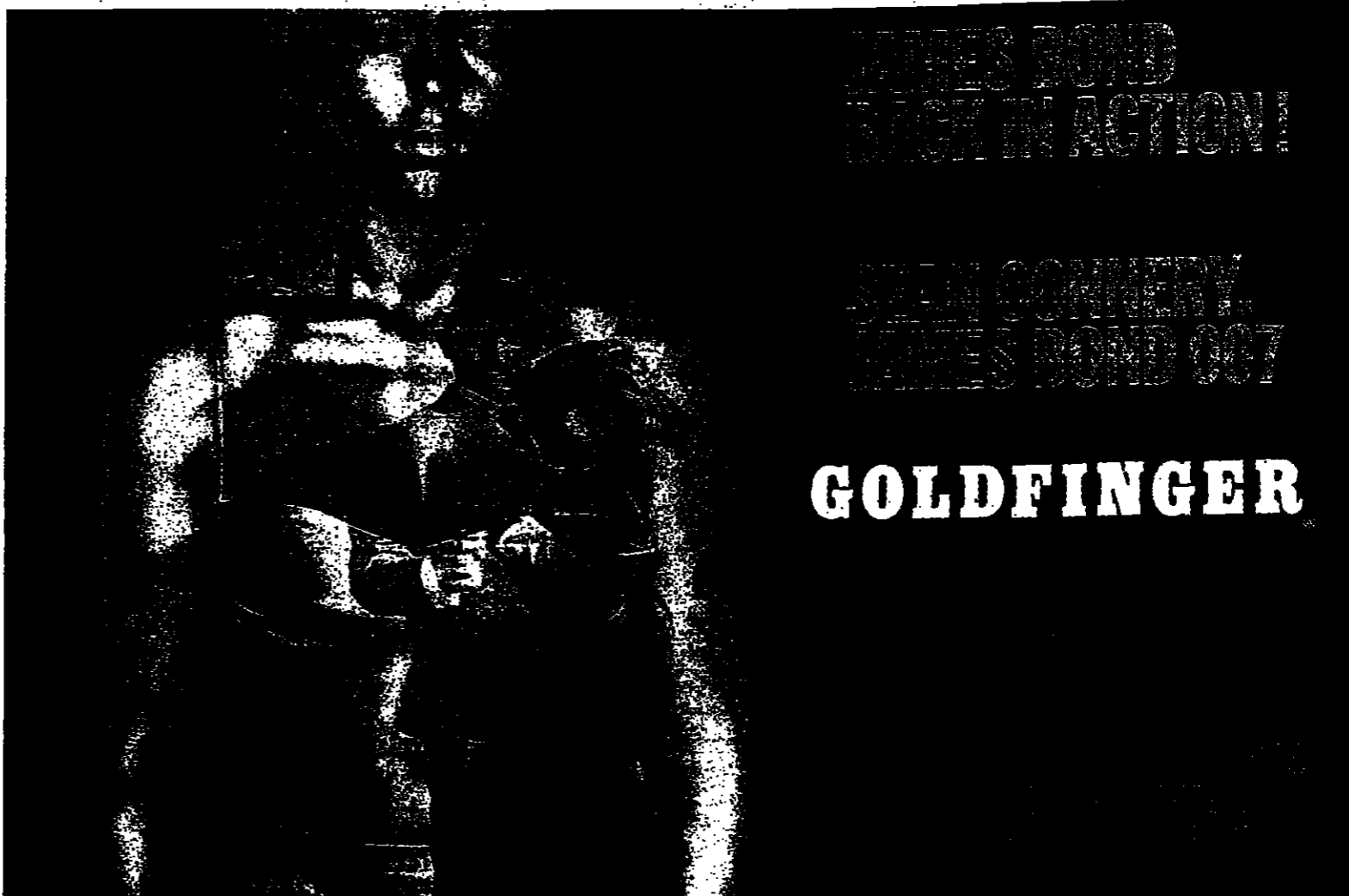
At Alfies, where a stand ranges from £25 to £100 a week, the dealers concentrate on 20th century antiques geared towards interior decorators and to gifts: glass, art deco, 20th century furniture, costume jewellery, etc. Prices rarely top £1,000. Around 80 per cent of the buyers are trade, often from abroad - with the Italians traditionally pioneering new collecting fields - while the retail buyers are largely affluent young locals.

Gray is obviously well placed to pinpoint antiques of the future. He reckons that anything that has an emotional attraction, especially to young people, is collected once they become affluent. The obvious example is the pop memorabilia of

the 1960s, especially items relating to The Beatles. With soccer rivaling pop as a public passion, objects linked to soccer - star players' boots, the strips of the top teams, European Cup paraphernalia - are likely to have a powerful appeal in 20 years time, or even less.

There is growing nostalgia for objects of the 1980s. The same applies to popular movies and television programmes aimed at the youth market: already *Dr Who* and *Star Wars* memorabilia are sought after. This hunt for new antiques is the driving force behind another hypermarket which is emerging at Camden Lock. London's largest street market always contained some antique stands but they were dwarfed by traders offering clothes and ethnic gear to the young. Now the Stables, a labyrinth of small rooms near the Lock, is being overhauled and moved up market.

Many of the 400 dealers, who pay between £40 and £400 for a pitch, trade in the latest "antiques", notably science fiction material and 20th century clothes and furniture. The aim is to stretch trading from Saturday and



This poster for the James Bond film 'Goldfinger' is likely to fetch between £500 and £700 at Christie's on September 14

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Sunday to throughout the week. Alfies is expanding the other way, with plans to open on Sundays.

The attraction of Grays, and other covered antiques supermarkets, such as Antiquarius in King's Road, Chelsea, is that they are flexible.

It is hard to estimate the turnover of such hypermarkets, but between them Grays and Alfies must sell more than £30m worth of goods a year, putting them not far behind Bonhams, the auction house.

Grays is already planning a similar operation at the Custard Factory site in Bir-

mingham but this time is thinking of adding the obvious twist to the merchandise. As auction houses run out of antiques, even 20th century antiques, they are turning their attention to contemporary antiques: modern crafts.

Bonhams and Phillips, as well as Christie's, are testing the waters here, with furniture, ceramics, silver and jewellery made by young craftsmen. In Birmingham, contemporary crafts may be sold alongside antiques.

The recession has forced antiques dealers to improvise, and the most common

and best ways of surviving are to trade from home and buy into a monthly fair, or to take a space in an antiques supermarket.

The well-established traditional dealer, barely making ends meet in his shop, may look down on such makeshift practices but they have helped the business survive six bleak years and they could help lead it into a more prosperous future.

Bennie Gray invariably asks stall-holders, "how's business?". The reply, as ever, is "terrible", but he notes they are saying it with less conviction.

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-5730573... Koolhaas...

EXHIBITION Van Gogh Museum Tel: 31-20-5705200... The Colour of Sculpture 1840-1910...

ANTWERP

CONCERT Festival van Vlaanderen - Antwerpen Tel: 32-3-2208326... Korinklijk Filharmonisch Orkest...

ATHENS

CONCERT Athens Festival Tel: 30-1-3221380... Rotterdam Philharmonic Orchestra...

BARCELONA

EXHIBITION Museu Nacional d'Art de Catalunya Tel: 34-3-4237199... The Splendour of Baroque Painting...

BERLIN

CONCERT Konzerthaus Tel: 49-30-203090... Rundfunk-Sinfonieorchester Berlin...

CHICAGO

EXHIBITION Alte Nationalgalerie Tel: 49-30-2035550... Lovis Corinth - Retrospektive...

BESANCON

CONCERT Festival International de Musique de Besancon et Franche-Comte. Tel: 33-81 80 73 26...

BOSTON

EXHIBITION Museum of Fine Arts Tel: 1-617-267-9300... Alfred Stieglitz and Early Modern Photography...

DRESDEN

EXHIBITION Albertinum Tel: 49-351-4953056... Von El Greco bis Mondrian: exhibition featuring about 80 paintings...

DUBLIN

CONCERT National Concert Hall... Pelech...



'Self Portrait at Walchensee, Bavaria' by Lovis Corinth. In Berlin Seeley, Edward Steichen, Paul Strand, Karl Struss and Clarence H. White, from Sep 13 to Dec 29

BRUSSELS

EXHIBITION Musée d'Art Moderne Tel: 32-2-5083211... Het Legaat Irene Scutenaire-Hamoir. Van Magritte tot Magritte...

CANBERRA

EXHIBITION National Gallery of Australia Tel: 61-6-240-6411... William Morris and Friends: exhibition celebrating the work of the designer and writer William Morris...

CAPE TOWN

EXHIBITION Michaelis Collection - Old Town House Tel: 27-21-246367... Cartoons by Abe Berry: exhibition of works by Abe Berry...

COLOGNE

CONCERT Kölner Philharmonie Tel: 49-221-2040820... Die Meistersinger von Nürnberg: by Wagner. Concert performance conducted by James Conlon...

LONDON

AUCTION Bonhams Tel: 44-171-3933900... The Great Age of Steam: auction of railway material and art drawn from the collection of Sir William McAlpine...

LIVERPOOL

EXHIBITION Tate Gallery Liverpool Tel: 44-151-7093223... Rachel Whiteread: sculptor Rachel Whiteread is known for her much acclaimed work 'House' and as winner of the 1993 Turner Prize...

PARIS

FESTIVAL Festival d'Île de France Tel: 33-1 44 94 28 88... Festival d'Île de France: music festival taking place in abbeys, cathedrals, churches and other historical buildings on the Ile de France...



'Self Portrait at Walchensee, Bavaria' by Lovis Corinth. In Berlin Seeley, Edward Steichen, Paul Strand, Karl Struss and Clarence H. White, from Sep 13 to Dec 29

FRANKFURT

EXHIBITION Museum für Moderne Kunst Tel: 49-69-21230447... Szenenwechsel X: exhibition featuring works by Albert Oehlen, Robert Grober, Jochen Filzner, Heiner Blum, Miriam Cahn, Nobuyoshi Araki, Larry Clark, Jock Sturges, Rosemarie Trockel, Anke Doberauer, Ed Ruscha, Bernd and Hilla Becher, Thomas Ruff, Max Mohr, Markus Ratz, Stephan Balkenhol and Herbert Hamak; to Jan 5

GENEVA

EXHIBITION Petit Palais Musée d'Art Moderne Tel: 41-22-3461433... Les Neo-Impressionnistes: exhibition of some 70 works from the Neo-Impressionist collection of the Petit Palais. The display includes works by artists such as Albert Dubouffé, Maximilien Luce, Charles Angrand, Van Rysselberghe, Van de Velde, A.J. Heymans, Henri Martin, Pietro Mengoni, Signac, Gausson, Laugé and H. Petitjean; to Sep 30

GLASGOW

EXHIBITION Hunterian Art Gallery Tel: 44-141-3305431... James McNeill Whistler: exhibition surveying Whistler's graphic work, from his childhood in Russia to his last years in England. Drawn entirely from the University of Glasgow's collection, the show includes portraits, nudes, streetscapes, marines and river views. Among the works on display are etchings from his French, Thames, Venice and Amsterdam sets; to Oct 28

HOUSTON

EXHIBITION The Menil Collection Tel: 1-713-525-9400... Andy Warhol: The Last Supper Series: the 'Last Supper' of Leonardo da Vinci formed the subject of Andy Warhol's final series of paintings. In 1986 he produced a dozen monumental paintings based on the iconography of the 'Last Supper', together with a group of smaller canvases, each a square metre, and numerous works on paper. This exhibition includes paintings, drawings and collages from the series, some of which have never before been displayed; from Sep 12 to Dec 1

LONDON

AUCTION Bonhams Tel: 44-171-3933900... The Great Age of Steam: auction of railway material and art drawn from the collection of Sir William McAlpine; 3pm & 6pm; Sep 10

LONDON

CONCERT Royal Albert Hall Tel: 44-171-5898212... Last Night of the Proms: the BBC Symphony Orchestra with conductor Andrew Davis, soprano Felicity Lott, mezzo-soprano Ann Murray, pianist Joanna MacGregor, trumpeter John Wallace, the BBC Singers and the BBC Symphony Chorus perform works by Haydn, Mozart, Shostakovich, Glinka, Offenbach, Berlioz, Puccini and others; 7.30pm; Sep 14

PARIS

FESTIVAL Festival d'Île de France Tel: 33-1 44 94 28 88... Festival d'Île de France: music festival taking place in abbeys, cathedrals, churches and other historical buildings on the Ile de France...

Tate Gallery Tel: 44-171-8878000... William Blake: Young's Night Thoughts: in 1795, William Blake received a commission from the publisher Richard Evans which was to become the artist's biggest project. Edwards asked Blake to produce illustrations for a new edition of Edward Young's long religious poem 'The Complaint, and the Consolation' or 'Night Thoughts'...

ROME

CONCERT Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064... Orchestra dell'Accademia Nazionale di Santa Cecilia: with conductor Heinrich Schiff and pianist Deszo Ránid perform Mozart's Piano Concerto in C major, K467 and Symphony in E flat major, K543. Part of the Mozart Festival; 8.30pm; Sep 12, 13 (7.30pm)

SAN FRANCISCO

CONCERT Bill Graham Civic Auditorium Tel: 1-415-861-4008... Prince Igor: by Borodin. Conducted by Alexander Anisimov and performed by the San Francisco Opera. Soloists include Lauren Flanagan, Elena Zarembka, Sergei Leiferkus, Pasta Burchuladze, Jeffrey Weiss and Mark Baker; 8pm; Sep 10, 13

STOCKHOLM

CONCERT Stockholm's Konserthus Tel: 46-8-7860200... Filharmonikerna: with conductor Vasily Sinaisky, violinist Sarah Chang and trombonist Christian Lindberg perform works by Sanstam, Dvorak and Prokofiev; 8pm; Sep 14

SYDNEY

CONCERT Drama Theatre, Opera Theatre, Playhouse Tel: 61-2-250-7127... Die Fliegende Holländer: by Wagner. Conducted by Gabor Otvos and performed by the Australian Opera; 7.30pm; Sep 10, 13

TOKYO

EXHIBITION Hara Museum of Contemporary Art Tel: 81-3-34450651... Shiro Kuramata 1934-1991: the first major exhibition devoted to this Japanese designer. Although he died five years ago, his work is still influencing the work of new generations of designers. The exhibition captures Japanese design from the 1960s and onwards; to Sep 23

VERONA

EXHIBITION Museo di Castelvecchio Tel: 39-45-594734... Pisanello: retrospective exhibition devoted to the 15th century Italian court painter and medalist Pisanello. The display features some 120 works by the artist, his contemporaries and his followers from the collection of the Museo di Courve and other museums. Included are drawings, parchments, paintings, frescoes and medallions; from Sep 8 to Dec 8

VIENNA

EXHIBITION Museum für Angewandte Kunst Tel: 43-1-71136... Austria in a Net of Roses: exhibition on the theme of the Austrian intellectual and cultural history. The organisers aim to offer an unprecedented view of Austria, visualising the most diverse artistic, scientific and socio-political ideas. Well-known figures from Austrian art and history emerge in a new light: Gustav Klimt, Egon Schiele and Josef Hoffmann and Otto Wagner, as well as 'drop-outs' from the house of Habsburg or famous Austrian film directors such as Fritz Lang and Billy Wilder. The exhibition charts an ambitious survey of Austrian creativity, taking the visitor from bizarre inventions and bold theories to the anarchical humor of the Wiener Gruppe and, ultimately, to works of contemporary art; from Sep 11 to Nov 10

WASHINGTON

CONCERT Concert Hall Tel: 1-202-467 4600... National Symphony Orchestra: with conductor Leonard Slatkin and mezzo-soprano Frederica von Stade perform works by Bernstein, Barber and Hanson; 8.30pm; Sep 12, 13 (1.30pm), 14

ZURICH

DANCE Opernhaus Zürich Tel: 41-1-268 6000... Goldberg-Variationen: a choreography by Heinz Spoerli to music by J.S. Bach, performed by the Zürcher Ballett; 7.30pm; Sep 10

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FESTIVAL Festival d'Île de France Tel: 33-1 44 94 28 88... Festival d'Île de France: music festival taking place in abbeys, cathedrals, churches and other historical buildings on the Ile de France...

France in Paris. This year's edition features performances by Françoise Pollet, the Nash Ensemble, the Salzburg Chamber Soloists, Janos Starker, and others; from Sep 8 to Oct 20

OPERA L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99... La Bohème: by Puccini. Conducted by Mark Elder and performed by the Orchestre et Choeurs de l'Opéra National de Paris. Soloists include Franco Farina, Franck Leguérinel and Nuccia Focile; 7.30pm; Sep 9

ROME

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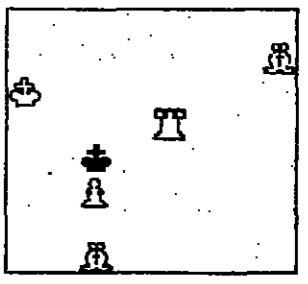
PARIS

FESTIVAL Festival d'Île de France Tel: 33-1 44 94 28 88... Festival d'Île de France: music festival taking place in abbeys, cathedrals, churches and other historical buildings on the Ile de France...

CHESS

The veteran grandmasters performed almost as well as they played. At the closing ceremony of the Foxtrout match at the London Hilton, Smyslov and Polgar sang operatic arias accompanied by Tsimanov, a professional pianist. They had just won their annual match against the world's best women players by 27-22, reversing previous defeats.

Qxb8 Bb3 28 Qxb7 Resigns. \* The Corporation of London is backing today's European Club Cup matches at the Barbican Centre (Conference Floor 4, Frobisher Crescent, 1pm start) where the home team's rivals include the Russian champions. No 1,144



White mates in three moves, against any defence (by Sofia Polgar, 1984). During dinner at a tournament, Polgar drew this diagram on a napkin and invited the grandmasters to solve it.

Korchnof gave up after two minutes, six-time US champion Browne demanded a board and man, but John Nunn, the UK's best GM solver, cracked it in 45 seconds. How do you compare?

Leonard Barden Solution Page 11

BRIDGE

Bishop Morton preached at such length about dilemmas that a bridge coup was named after him, involving a choice between two losing options. The declarer analysed her alternatives well to place the defender in just such a position in this rubber bridge hand.

Bridge hand diagram showing cards in each hand: W, E, S, N. Includes a list of possible cards for each suit.

South played in 3NT after West had bid spades. West led 6♠, won by South's Q♠. The declarer considered attacking diamonds first, but realised that she would lose a diamond and her last

spade stopper, and still be a trick short. Recognising the necessity of a club trick, she thought to lead K♣ to push out A♣ - but then West would win with his marked A♣, and breach the spade defences before the diamonds were established.

The solution dawned... At trick 2, South led 6♠! West now faced a choice between winning with A♣ - giving South her contract by way of two spades, two hearts, two diamonds and three club tricks - or ducking, allowing South to win and switch to diamonds. At the table, West ducked, hoping that declarer held only four diamonds, but it was to no avail. Only the peculiar-looking low club at trick 2 sets up this position.

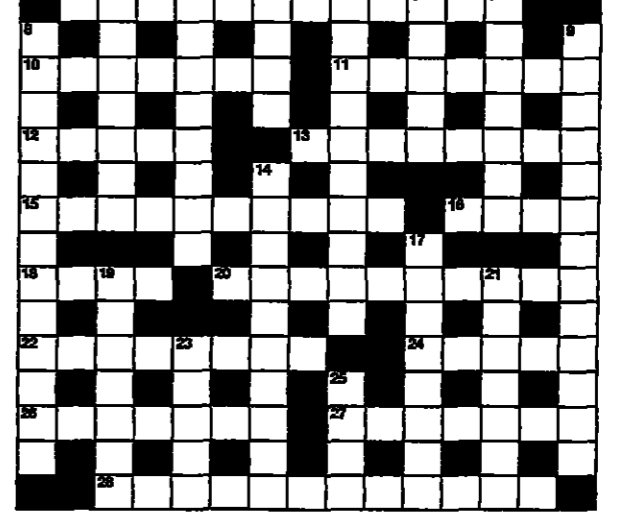
Shakespeare's Hortensio was less verbose than Bishop Morton. He said: "There's small choice in rotten apples..." I was West, I knew just how he felt.

Paul Mendelson

CROSSWORD

No. 9167 Set by CINEPHILE

A prize of a classic Pelikan Sovereign 60 fountain pen for the first correct solution opened and five runner-up prizes of £25 Pelikan vouchers. Solutions by Wednesday September 13, marked Crossword 9167 on the envelope to the Financial Times, Crossword Solutions, 1, The Quadrant, London SE1 9JL. Solution on Saturday September 21.



Name: Address:

- ACROSS 1 Oyer man spots lawyers inside between carriage-ways (5) 10 Philosopher hears the sound of shuffling papers (7) 11 He mustn't beg for rings during parts of church service (7) 12 Make common ground with politician? (5) 13 A fish or two on a string (8) 14 Party facilitator useful in polar seas (7) 15 Her love was Leander, a valiant man (4) 16 Raptor for sale? (4) 17 Throw a plate, taking on what can't lose? (10) 18 A right in the constitution for opposition of viewpoints (8) 19 Subject to involuntary movement outside work (6) 20 Torpor has its moment (7) 21 Stop before getting flue (7) 22 National anthem files revolutionary in discomfort (12)

Grid for the crossword puzzle with letters filled in for some words.

WINNERS 9,155: Mrs J. Calmes, London SW6; N. Clark, Whitchurch, Cardiff; John Fish, Fort William; B.C. Harvey, Shepton Mallet, Somerset; Mrs A.M. Hewitt, Workop, Notts; Peter Murdoch, Calverley, Leeds





James Morgan

# Smiling as the château burns down

Chirac is having to struggle to keep up France's morale in the face of harsh economic reality

One forgotten anniversary of this year is that of the greatest comic, and perhaps blackest, song ever written. The 60th birthday of "Tout va très bien, Madame la Marquise" - "Everything's just fine, your Grace" - has not been marked even in France. It tells how the Marquise calls home to find out what to expect as she prepares her return after a fortnight away. She learns that all is well, except for a tiny detail - the grey mare is dead. The good lady gasps and asks how that could have happened. "Oh it's nothing; everything's fine, but I have to tell you she perished when the stables burned down."

Further questioning reveals that the stables were destroyed because a wind had blown the flames from the blazing château. "Tout va très bien," say the loyal servants, "it's nothing really, but the Marquis, having heard that he was ruined, knocked over a candle while committing suicide, thereby starting the fire which destroyed the château, the stables and killed the horse. That apart, all is just fine."

Since then anybody in France who has sought to reassure a gloomy public that things were really going quite well has had to do so under the shadow cast by Ray Ventura and his Colleagues in the hit of 1936. In this tale there was, of course, an

awful warning, fully realised in the events of 1939-40.

So it is that in difficult times the country's leaders go to great lengths to avoid the accusation of facile optimism. Any sign of complacency conjures up a bouncy tune and an image of a blazing château. But these days these leaders try to argue that things aren't quite as bad as everybody thinks, even unemployment has dropped a little. Jacques Chirac said: "Those who sap the morale of the French bear a heavy responsibility." This did not stop the papers underlining a number of harsh realities. *Le Provençal* observed that no government speech had yet been able to dissipate the

mood of anxiety. "Let the good employment figures continue, the trade balance be forever in surplus, tax cuts be real and we shall see Marianne rediscover her smile. Otherwise we shall somehow create a ministry of optimism."

In order for all this to be achieved, *Le Figaro* echoed Danton's revolutionary call for "more audacity". But when it comes down to it, that is the last thing the French want. The slightest display of a desire to effect even the tiniest change in any national institution brings the mob on to the streets.

So it was that last weekend's summit between Chirac and Helmut Kohl became a public relations exercise to show that a single currency meant an end to uncertainty. France insisted as usual that those outside the system should not be allowed to devalue. Germany replied with the proposal for a "stability pact" to ensure permanent fiscal

commitment everywhere. This gained enormous attention because of the chronic national desire to make everything safe and predictable. Monetary union is presented as a Holy Grail: once France has successfully made the arduous journey, prosperity will return. Not that everybody shares that faith. As the biggest selling daily, *Ouest-France*, put it: "Between a globalisation whose very existence

imposes huge changes and the high degree of social protection of which western Europe is so justly proud, the way of the future seems uncertain."

Whatever the way is, another daily said the prime minister, Alain Juppé, was following it. But wisely, and unlike many of his predecessors, "he refuses to soothe the country to the tune of 'Tout va très bien...'. The trouble is, of course, that there are too many people who believe that, once the immediate objectives are achieved, the grey mare will rise from the dead and a beautiful château will re-emerge from the flames."

James Morgan is BBC World Service economics correspondent.

## Paul Betts Jaguar meets Dante

Bella Macchina! Giovanni looked under the bonnet of the old four-litre Jaguar. "This is not a car, this is an aeroplane," he said. "I really don't think I can fix it." He added sadly as green liquid dripped from a loose tube.

Unless your car is a Fiat, breaking down in the wilder parts of Tuscany is no joke. There is nothing for miles but mountainous oak and chestnut forests interspersed with medieval villages where geysers spout in kitchen gardens. It is the area which inspired Dante's *Inferno* far from the cosy Chianti landscape where intellectuals and Euro-politicians consort for their summer holidays.

Giovanni, a factotum on a large decrepit estate, has mended ancient tractors and Fiat's all his life. But the Jaguar was too much for him. "You'd better take it to Florence. There are lots of rich *condottieri* there, and there must be a Jaguar dealer."

The young woman at the local post office was very helpful. Such a nice car, she kept saying, pity it is leaking. She found out there was an organisation called Jaguar in Tuscany. The Florence headquarters suggested I take the car to their branch at Leghorn. Much nearer.

I telephoned Leghorn expecting the familiar litany of... "No, we are fully booked...our staff are sick...our staff are on holiday...phone next week". Instead, a charming Signor Piacani said he was terribly sorry to hear that my car had broken down, and yes he would look at it straight away.

An hour later I was in his forecourt in the middle of an ugly sprawl of chemical plants and warehouses. His mechanic, Signor Fagioli (Mr Bean), took a quick look and pronounced that the leaky tube was part of the steering system.

"We can order a new part from England but it will take at least 24 hours to fly it in to Pisa." They saw I was dejected.

They gave me a cunning little smile. They could take the broken part to a local factory, which repaired trucks and tractors, and ask them to knock up a new one. "While we wait for them," said Signor Piacani, "why don't you join us for lunch."

Over an Italian fast-food-style meal of cold rice salad, sandwiches and espresso, we discussed life, politics and cars. In Tuscany, mechanics have always been philosophers and artists. Leonardo came from Florence; Galileo from Pisa.

Nice cars command respect, not envy. In the crow's-nest villages behind Leghorn, where the local authorities are still communists, old men shuffle from their chairs outside the café and boys jump off their scooters to study and touch a good-looking motor. In England, young vandals are more likely to scratch the paint work.

For a country that loves vintage British marques, it is odd to find so few Rolls-Royces, Bentleys, Jaguars or Daimlers in Italy. It is not so much a question of cost. Signor Piacani had a fine second-hand Daimler with walnut picnic tables in his garage going for £30m (£19,500). The problem was the *guardia di finanza*, the fiscal police.

The owner of any car over 2,000cc in Italy risks a *controllo fiscale*, he explained. "No one in their right mind wants a tax audit. They crawl all over you. They regard anything over 2,000cc as a sign of wealth, just like owning a yacht or a big coat."

This has not helped sales of big English cars. So why, I wondered, did so many Italians drive a Mercedes-Benz. "The Germans have been clever," he explained. They produce cars powered with 1,999cc engines specially for the Italian market. Signor Piacani said.

After lunch, he went round to the truck factory to pick up the new part. Signor Fagioli had the car ready and tested in half an hour. "When you are back in Leghorn come and see us," said the *simpatico* Signor Piacani. "Not, I hope, because your car has broken down again but just to have a chat."

In case you think this is an advertisement for the Italian way of life, a word of warning.

It took four times longer to make out the repair bill. Signor Piacani could tell me straight away how much it would cost (a reasonable £300,000), but the complications of the Italian accounting system forced him to fax the bill to Florence. A couple of hours later the *ricevuta fiscale*, the necessary tax receipt, was faxed back.

Even in a land where tax evasion has become a fine art, the response of the authorities has verged on the baroque. On the way back, I stopped at a bar for another coffee. The landlady rushed after me. I had paid but I had forgotten to take with me the *ricevuta fiscale*. The *guardia di finanza* have spies and secret agents everywhere, she said.

### Private View

# Money as the root of all art

What was true of the Renaissance is still true today, Lisa Jardine tells Christian Tyler. It's the fat cats who make the art world go round

Who made the Renaissance? Scholars, scientists, artists? No, says Professor Lisa Jardine, it was the fat cats who made it - bankers, traders, dukes and cardinals.

With her book, *Worldly Goods*, the London University professor claims to have cut a 19th century umbilical cord to the Renaissance and broken the mirror held up by scholars such as Jacob Burckhardt. She accuses him of stamping the Renaissance with the colours of Germanic idealism, making it "pure and unstained by money or greed" - and "comfortably Aryan".

Is she telling the real story? Or is she trying to shock by giving that revered episode of European history a mischievously modern, consumerist spin? The author was radiating a south of France tan and a pair of neon-red sandals when I met her in her trendy Bloomsbury flat. The answer, she said cheerfully, is both. But did not Burckhardt also recognise the importance of patronage?

"Patron implies a person of delicate sensibility who finds a like mind in the artist," she replied. "I prefer the word 'employer'."

Was not Cosimo de' Medici (who founded the Platonic Academy in Florence) a person of sensibility? "Well, I would ask how you know. Here was a very wealthy banker, who made money wheel-dealing around Europe. Investing in art and literature was one way of showing that you had gone beyond the mere urge to become rich. To that extent, it's exactly like today. Cosimo was no better and no worse than a Saatchi or a Hong Kong billionaire with gold-plated bath taps."

Her book, intended for a general audience, is finely illustrated and full of descriptive detail - a shoppers' guide to the Renaissance - but somewhat short on argument. Its originality is in the synthesis, she told me. A specialist on the period, she has made much use of other research - a fact she duly acknowledges.

She quotes the historian who dug out the contract details for Titian's bedroom paintings of big nudes. They show these were not classical allegories but pin-ups commissioned by the Duke of Urbino and Cardinal Farnese for their erotic impact. "They liked his nudes and had the good taste to pick an artist of renown."

Her publishers describe Jardine as "one of our most high-profile media dons". I asked her what she thought of the label.

"It's a silly description," she said. "It just means my name is recognised and I'm a don."

Her name is recognised from her radio broadcasts. She also presented *Nightwaves* on Radio Three until she was removed for being too heavyweight (or, she thinks, too expensive). What is

not so well known is that she is the eldest daughter of the polymath Jacob Bronowski, the father of media donery, whose *Ascent of Man* series was a television landmark in the early 1970s.

"He was a hard act to follow," she laughed.

Were you overshadowed by him?

"No, I adored my father. And since he had no sons I was his first-born son. I owe all my intellectual confidence to my father; he treated me like an intellectual equal."

Though married for the second time to architect John Hare, she uses her first husband's name professionally. Nicholas Jardine is professor of the history of science at Cambridge.

Is she a revisionist? No, because she does not pretend the Renaissance never happened.

"I'm standing the argument on its head," she said. "There was indeed a key moment in the European tradition in the 15th century, and that was the burgeoning of a complicated commercial world. It was the commercial world which gave birth to the Renaissance in art and learning. It's that way round."

But she confessed an "evangelical" motive. "I am fearful, or alarmed, at the way in which we disparage our own commercial acumen now. The arts and literature are in danger of being pushed into a little enclave. There is a danger of our believing that we are philistines, that European culture is only about trade, banking, investment and that in some distant peninsula there are arty people who have nothing to do with all this."

Your mission is to provide a Renaissance that entrepreneurs can identify with?

"I believe the relation between commercial vigour and the urge to create and support beauty and art go together," she replied. "No period of economic decline has produced great art; bullish financiers backing what they like are the lifeblood of High Art."

"This is the whole story, as I would see it. Of course," she added, "you always plough your own furrow very hard, so this is overly focused."

You have overstated the case, you mean?

"I stated the case very strongly because it's having to compete with a consistently different message. It has to be stated strongly. It's not a partial case."

Why did earlier historians get it wrong?

"They left out the eastern Mediterranean. They demanded the Islamic world as the infidel against whom all this was a reaction. Now I'm 100 per cent Jewish stock, and I find noticed that the Jews were missing from the intellectual history of the Renaissance."

"The Ottoman empire was as



Lisa Jardine: is she trying to shock by giving a revered episode of European history a mischievously modern, consumerist spin? Lydia van der Meer

magnificent, as cultivated, as huge a patron as the empire of the Hapsburgs. And it was the Ottoman empire that taught the west the fine points of financing trade."

Aren't you doing what you say Burckhardt did, tailoring history to suit modern preoccupations?

"I don't think I'm saying that. I'm not pushing the borders out. I'm anti-nationalistic. I want us to recognise the richness, the multinationality..."

Multicultural?

"That's a horrible word." "History was a snapshot, she said, and a snapshot taken 50 years ago would always look like a daguerrotype."

If you shift the metaphor, history is always a conversation with the past. In which you can only converse with the past in a language you both understand."

The problem is, I said, that the historian is more like a painter than a camera. And in your dialogue you can easily drown out the voice of the past.

"But the voice of the past is many voices. Different interlocu-

tors of the present will be able to dialogue with different voices of the past. You may drown some out. But I'm saying the ones that I'm drowning out have had a very good hearing."

Isn't your thesis in danger of being dismissed because it doesn't recognise that amazing achievements were notched up?

"Of course the answer to that is, I'm taking those for granted."

But which is more interesting for us, the market mechanism or the objects themselves?

"I am saying the painting has to be looked at alongside bed panels and boxes and spices and tapestries. They all belong together. I'm saying it is historically inaccurate to have one set off. Indeed, it's a falsehood; because panel paintings were the least valuable thing at that moment. Other said he wasn't going to do another painting because he didn't make any money."

Artists were in it for the money? "No, it wasn't just for

money. They were driven by their expertise and skill. Saying that commerce produces a climate in which it becomes possible for people to exercise their talents in more flamboyant and exciting ways is not the same thing as saying they just do it for money."

Are you saying the modern market will produce an artistic revival?

"No. But I have every confidence that the things the Saatchis are buying are more likely to be what we are looking at in 100 years' time than the art that a committee of academics in a gallery is buying."

Today's Renaissance Man, she suggested, were people like Bill Gates of Microsoft (who paid \$31m for a Leonardo scientific manuscript), Andrew Lloyd Webber (a collector mainly of Victorian painters), and the Getty family. So the bankers, brokers and chief executives... "Please, keep buying."

They're not just conspicuous consumers? "No, they're creators of taste."

Is there sign of another Renaissance anywhere in the world?

"What we have now is continuity. It isn't dead. All around us voices of doom are saying we're clapped out. We're not clapped out. And if we say we are we'll turn into an Iraq - a culture which has no culture."

I thanked her and got up, but she was not through with me yet.

"If you write with passion and with a strong focus you will always be accused of overstating your case," she said. "I don't just write as a contribution to knowledge. I write to change the world. To shift a large weight you have to give it an exaggerated shove."

It's a temperamental thing? "Yes. Shifting the conventional wisdom is really what I'm about." She sounded happy.

But your view of the world may be squint, I said.

"If Leonardo had thought that he would never have painted the Mona Lisa."

*Worldly Goods, A New History of the Renaissance, Macmillan, £25.*

Dispatches / Kieran Cooke

## Destined for the church

Finbarr has always had a whiff of the ecclesiastical about him. From a family of 11 in the Midlands of Ireland, at an early age he was marked for the seminary. A busy life of births, baptisms, marriages and deaths for an endless stream of relations lay ahead.

Fate had other plans. His father fell ill. Finbarr was forced to take over the family business, a diverse enterprise involving a hairdresser's, a bicycle shop and an undertaker's. "It was the only place in town where you could have your hair cut, your tyres blown up and be laid out, all at the same time," he says.

Later, our man went to London. As an entrepreneur, he quickly decided that life behind the bar was more worthwhile than in front of it. Within a few years Finbarr was running one of the most fashionable watering holes on the King's Road.

Then fate waved its wand again. Pausing over the pumps one morning, Finbarr saw an advertisement for the sale of a church in Dublin. Within minutes,

the deal was done. This weekend I am off to what promises to be one of the highlights of this season's calendar - the grand opening of the city's latest artistic venue.

The crowd will be there: "The Muncher", who wades into food with all the subtlety of a floating fish factory and is the dread of every buffet manager the length of Ireland.

"The Lick", a country auctioneer with slicked-back hair, a loud suit and a back bent from ingratiating himself to anyone with a few bob about them.

The "This and That" man - a guzzler of oysters and champagne who is seen in the smartest seats at all social events. Though several theories concerning the source of his wealth are put about, many scurrilous, the man remains an enigma.

"Oh, you know, I just do a bit of this and that," he says.

Centre stage will be Arthur McCoy, known to everyone as "The Real". A raconteur and meat trader of repute, McCoy has appointed himself Finbarr's guest manager. He will be dressed in his one formal outfit: a white tropical suit which, with his red face poking out of the collar, makes him look like a blanch-mange with a large cherry on top.

St George's Church, on the north side of the city, is no ordinary building. Described by the guidebooks as a Greek Ionic gem, it was built in 1802, complete with fluted columns, a 200ft spire and stained glass windows.

Faced with a dwindling congregation and rising maintenance costs, the Church of Ireland was forced to close St

George's in 1989. There are those who object to the church being turned over to other, non-religious, uses. Yet, besides decay and ultimate demolition, there is no alternative.

Finbarr has lined up a mixed calendar of events. First there is a rock concert. This is followed by a gathering of the County Mayo Gaelic footballers, celebrating an appearance in the all-Ireland final. Then there is a gay pride night, followed by a priests' showbiz contest in aid of a hospital charity.

"Versatility is the name of the game," says Finbarr.

More than £2m has been poured into the refurbishment of St George's. There were plenty of suggestions about what to do with the building. A farmer wanted the crypt for growing mush-

rooms. A man with a gravelly voice rang up one night offering to buy the spire for an unspecified purpose.

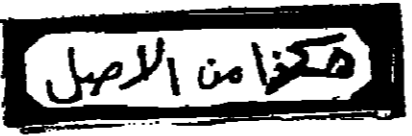
"There are all manner of con men and chancers" wanting to muscle in on the business," says "The Real". "It's a good job I'm here to keep a firm hand on the bell-ropes." (A laugh, followed by a raking cough, a draw on the cigarette and a pull at the double vodka and red lemonade.)

The Duke of Wellington was born nearby and was married at St George's. The hero of Waterloo would doubtless take a dim view of present goings on.

"I would pay no heed to that fella at all," says McCoy. "He was a rude man altogether. Do you know what he said when he was asked how he felt about being born in Dublin?" ("The Real" assumes a military bearing. Shoulders are thrown back, causing the ample stomach to be pressed even further forward. The highly coloured nose is raised to the roof.)

"Just because I was born in a stable it does not mean I'm a horse."

"The cheek of it..."





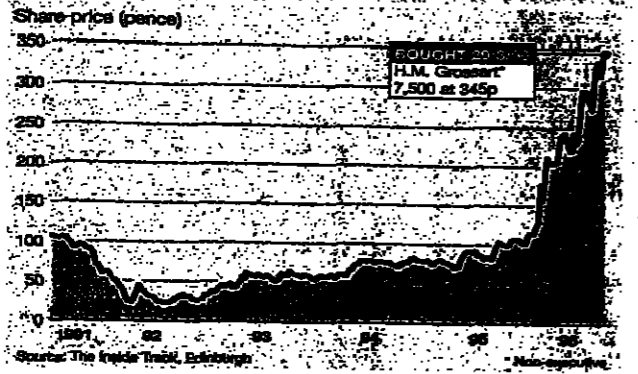
WEEKEND INVESTOR

Directors' dealings

One of the week's more interesting purchases was at Cairn Energy, the Scottish oil company, where Hamish Grossart, a non-executive director, bought 9,000 shares in two batches at 2.456p, writes Vivian Macdonald of The Inside Track. The transaction came shortly after the company announced a good set of interim results.

Sercio, the outsourcing and contract management group, also announced a good set of interim results but two directors, vice-chairman Iestyn Williams and David Perkins, sold 200,000 shares between them at 564p. This shares have outperformed the market by 44 per cent over the past year and both still retain sizeable holdings.

Cairn Energy



Source: The Inside Track, Edinburgh

Results due next week

Table listing companies and their financial results for the week ending August 31, 1996. Columns include Company, Accounting Period, Last year, and This year. Includes sub-sections for Financial Dividends and Interim Dividends.

(Figures in parentheses are for the corresponding period) Dividends are shown net of tax, except where otherwise indicated. Losses: † Net asset value per share; ‡ 3-12 month period; § 3-6 month figures; ¶ US dollars and cents; †† 12 month figures; ††† 12 month figures.

Bids

Booker, the UK's largest cash and carry group, on Thursday offered £294m for its main rival, Nurdin & Peacock. The deal would take Booker's market share to nearly 40 per cent. It played down fears of a referral to the Monopolies and Mergers Commission, saying that independent retailers and caterers could use supermarkets and cash and carry companies. The textile rental market is also consolidating with Davis Service Group, a business services concern, buying Spring Grove for £136.5m from Granada, the media, leisure and hotels group. Granada said the sale was part of its disposal programme following its £2.9bn takeover of Fortis. The long-awaited consolidation of the nursing homes industry took a major step yesterday when Takara and Court Cavendish agreed to merge, creating the largest company in the sector.

Deloron is to raise £14-15m via a placing of shares at around 115-120p. Inverclyde is to raise £10m via a placing on AIM. Livingston Horticulture is seeking a listing. Oriental Restaurant Group is seeking a listing via a placing.

Directors' dealings

Companies must notify the Stock Exchange within the working days of a share transaction by a director. This list contains all transactions (listed and unlisted), including exercise of options (†) if 100% subsequently sold, with a value over £10,000, information released by the Stock Exchange. Shares traded are ordinary, unless otherwise stated. Source: The Inside Track, Edinburgh, 0131-555 7070.

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In the Pink

When the investment piper called the tune

Roger Taylor reports on the Morgan Grenfell affair and answers questions about its consequences

Morgan Grenfell as fund manager of the year, this week became the latest in a line of prestigious banks to discover it had been duped by one of its employees. Oddly enough, many have profited handsomely from Young's activities, although an unfortunate few have lost out. Young, in effect, created his own investment bubble, pushing prices in the shares he supported. Under Young, the MG funds became the best performers in their sector.

The investors who lost out were those who bought this year, as the fund's value peaked. They have seen the price drop sharply. But MG is considering compensation for them

Investors who got in early enough enjoyed a spectacular and unsustainable rise in their investments - and have now been bailed out at the top by Deutsche Morgan Grenfell, which has injected about £200m into the funds to stop the price collapsing. The investors who lost out were those who bought this year, as the fund's value peaked. They have seen the price drop sharply. But MG is considering compensation for them. Why did no one spot what was happening earlier? The fabulous returns Young was making were all most people wanted to know about. Financial advisers became his ardent supporters and private investors poured millions into the funds. In July, investment Week magazine named Morgan Grenfell as fund manager of the year. While Young was required to subject his investment decisions to review by his colleagues, it seems they were dazzled by his stories of unlisted Norwegian and Luxembourg high-tech companies with wonderful prospects. But a few observers did comment on the unusual nature of the fund's investments, and some brokers decided to pull out. One is Premier Investment Managers of Guildford which dropped the MG European funds in May. For most, though, there seemed little reason to question Young's practices so long as the prices of his funds kept rocketing. Was it MG's own checks that were inadequate or the regulations of the unit trust industry? Both, MG admits internal controls failed and is now reviewing them. There is even talk of closing down the entire fund management operation and moving it to Germany. Equally, the industry's regulations have proved inadequate. Unit trusts are not allowed to invest more than 10 per cent of their funds in unlisted securities, but Young used loopholes to put a third of his fund in such stocks. Should investors now sell their holdings in the MG funds? Although a new manager

has taken over who will restructure the fund, this will take time. Meanwhile, rapid redemptions by other investors may cause difficulties, in which case you are better off than in. What about the other MG funds? These are unaffected by Young's activities. Though the whole episode shows management in a poor light, it does not justify selling your investments. Deutsche Bank can afford to make up any losses incurred by unitholders. What if the same thing occurred in a small unit trust company without a powerful backer? Is there a compensation scheme? The Investors' Compensation Scheme covers investors for losses of up to £48,000 caused by fraud, negligence or breaches of rules by regulated investment companies. But many people had much more than this amount in the MG funds. Many smaller companies could not afford to pay out £200m in compensation. Thus, investors should seriously consider reducing holdings in such unit trust groups to below the £48,000 compensation limit. Are all types of unit trust potentially as risky as the MG funds? Or can any still be regarded as a safe way for ordinary people to invest. In theory, any fund manager could have done what Young did, and steps are now being taken to tighten regulation. In practice, though, unit trusts invest 99 per cent of their money in safe blue-chip stocks and publish their portfolios every six months. Although not foolproof, unit trusts remain a relatively safe way of investing.

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# Weekend Investor

Wall Street

## Courage flags as the wolves gather

Indecision is the order of the day in the face of bad news. John Authers reports

**W**olves were circling the Wall Street wagon all week. None pounced. Markets did little, showing their jitters with brief over-reactions to the appearance of bad news, but unable to muster the courage for any decisive act before some deep uncertainties were resolved. The chances are the rest of September will be no different.

Wolf-in-chief, allegedly slaving at the mouth for a fiscal tightening, was Alan Greenspan, the Federal Reserve governor. The ultimate party spoiler, the word was that he would only pounce and raise interest rates, in the event of strong economic news which laymen might expect Wall Street to welcome.

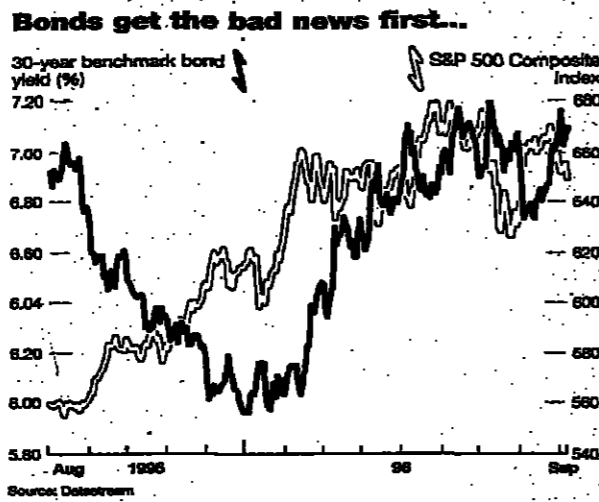
In particular, yesterday's unemployment figures were closely watched. Most people might think that the strong improvement in the number of people finding jobs, ahead of economists' expectations, was good news. But it was also a sign that the economy was overheating. Thus, the logic went, Greenspan would be more likely to raise rates - bad news for bond and equity markets.

The bond markets were already priced on the assumption that Greenspan will raise rates. Normally bond prices fall, with the result that their yields or effective interest rates rise, ahead of a base rate rise. As the graph shows, they did this some months ago, and last week went above the psychologically important seven per cent level.

However, equity prices, which usually move in the opposite direction from bond yields, remain close to their highs for the year - suggesting that they are due for a downward "correction".

By mid-week, the Street was paralysed by speculation about Greenspan - with a narrow majority believing he would raise rates in the near term. Some even thought that strong employment figures would force him into an immediate rate rise, something that had not happened outside one of the Fed's regularly scheduled meetings for more than two years.

The figures finally flashed across dealers' news-screens



at 8.30am yesterday: "US August Payrolls Exceeds Average Forecast". Dealers sold first and thought later. At 8.33, the screens announced: "Treasury Plunge on Jobs Data". The Treasury-issued 30-year bond, the most closely watched security, had fallen a whole point, a precipitous fall within three minutes.

By 9.00, it had regained all its losses. And the stock market, when it opened, was up for the day. Dealers had digested the news, realised the figures were only marginally better than expected, and returned to normal. But the markets will continue to eye Greenspan and the Fed very nervously - there will be more data to worry them next week.

And then, starkly on to the horizon on Labor Day, the traditional start of the presidential election campaign, was the wolf Wall Street fears most - political risk. Markets normally do little in the lead-up to an election, waiting for the uncertainty to be resolved. But this year the market is unlikely to stay inactive until the November election.

This is because, unusually, the campaign promises to be chiefly about the economy - in contrast to 1988, for example, when Americans made their choice on issues such as how to punish people who burned the American flag.

Bob Dole, the Republican contender, is languishing behind President Clinton in the polls, and has tried to ignite the campaign with a dramatic plan to cut taxes by 15 per cent. He says this

would help cut the deficit. Republicans are traditionally the party of business, but this is exactly the kind of drastic plan which Wall Street hates.

Unless the output of the total economy grows substantially, as Dole says it would, a tax cut would normally lead to a greater government deficit - as it did, dramatically, when President Reagan cut taxes in the early 1980s.

So a rise in Dole's poll ratings might scare the market. Abby Cohen of Goldman Sachs says: "It may well be the Republicans who roll the financial markets during this period, particularly if bond investors worry that the Dole campaign proposals, and their attendant gap between likely revenues and expenses, might actually become government policy."

Even more worrying, according to Everen Securities, is the prospect that a resurgent Dole might make Clinton embrace deep tax cuts, leading to a "bidding war on tax cuts".

Americans at large might well treat this, like falling unemployment, as good news. Wall Street will not. The market in any case normally performs worse in September than in any other month, and the wolves seem certain to stay circling for a few weeks yet.

**Dow Jones Ind Average**

Monday	Market	closed
Tuesday	5948.38	+32.18
Wednesday	5956.90	+8.51
Thursday	5908.95	-49.94
Friday		

London

## Why agility was crucial

Philip Coggan on a week when it paid to be alert

**Y**ou have to stay on the ball if you want to invest in the UK stock market. It is no good thinking that a mere knowledge of company accounts and share valuation methods will see you right.

This week, for example, the market took a knock from events in Iraq where Saddam Hussein's intervention in a Kurdish dispute provoked US air strikes. The oil price (and shares in oil companies) rose sharply on the prospect of political unrest in the Middle East, and the broader market had a brief flashback to 1990 when Saddam's invasion of Kuwait sparked a bear phase.

Those who had mastered the intricacies of Middle East politics would have been smart for a couple of days but, by the middle of the week, the spotlight had shifted to the US economy.

Patient readers will recall

that a series of strong US economic statistics in July convinced investors that the Federal Reserve would raise interest rates at its August 20 meeting. The yield on the 30-year US Treasury bond rose to 7.25 per cent and stock markets round the world fell in response.

Then, in August, the mood changed. The economic data in the US was less strong than before and the Fed did not, after all, raise rates. The 30-year bond yield dropped to 6.75 per cent and world markets recovered.

Late August and early September have seen yet another turnaround. The US economy has appeared stronger, and the *Wall Street Journal* reported this week that the Fed was set to increase interest rates by one half of a percentage point. The yield on the 30-year bond climbed back over 7 per cent.

Yesterday's publication of the market's latest favourite economic statistic - the US

non-farm payroll - was, therefore, the highlight of the week. The figure duly caused some immediate volatility in the market but was broadly in line with expectations. It provided no decisive evidence of whether the Fed will move rates.

The UK stock market has held up quite well in the face of all these international developments. Although the FT-SE 100 index has dropped away from the all-time high of 8,918.7, recorded on August 28, it seems to have managed to break out of the top of the 3,650-3,850 range in which it was stuck for much of the year.

Nevertheless, technical analyst Brian Marber remains gloomy. He points out that Footsie has failed to close 2 per cent above its former all-time high, recorded in April; as a consequence, the index is in danger of forming a "double top" on the charts, a very bearish signal.



UK stock market: keep your eye on the ball when investing. Alan...

Other indicators, such as a fall in the number of stocks making new 52-week highs, also are bad. On April 19, when Footsie hit 3,857.1, a total of 345 stocks made highs, on September 5, with the index at 3,887.2, only 68 did so. Marber thinks Footsie will fall to 3,200 by November.

For the moment, however, the market is being buoyed by takeover rumours. One particular sector - pharmaceuticals - continues to be the focus of interest with Zeneca once again being singled out. Analysts continue to pour scorn on talk of a bid for Zeneca. The company has a market capitalisation of \$15bn and the shares trade on a price-earnings ratio of 34, so it would be a very large and expensive mouthful for any predator. Nevertheless, the stories continue to circulate; GlaxoWellcome was rumoured to be the bidder this week.

The takeovers that actually were announced were on a much less grandiose scale - such as Booker's \$264m offer for the cash and carry group, Nurdin & Peacock. Despite all the rumours, a really big bid has failed to materialise for several months. But liquidity should remain strong after the share buy-backs of recent months and the steady sales of UK equities by the big investment institutions this year.

The institutions naturally will be cautious ahead of the election and of any possible Fed tightening. The September results season will provide another test of nerve,

with investors hoping that the apparent revival of economic activity will show up in trading statements, if not in the figures themselves.

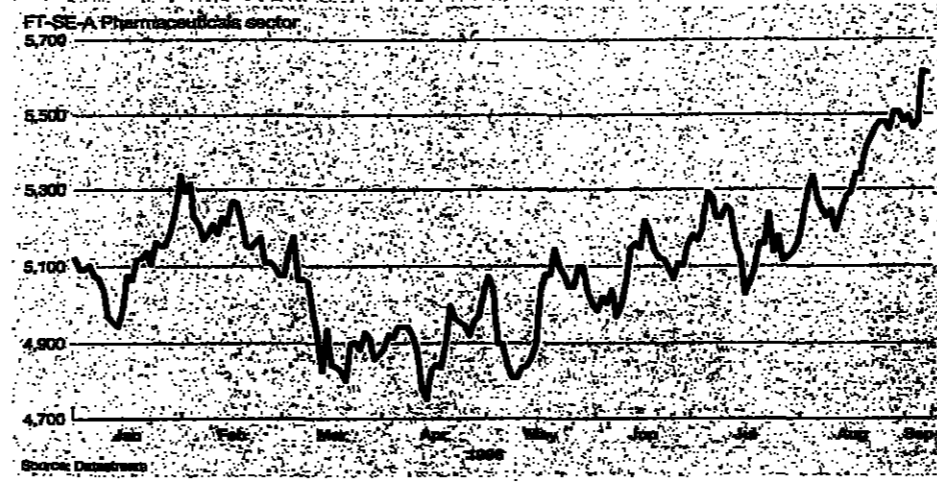
The four-week average of the dividend index, this column's indicator of corporate sentiment, is at 84.2 per cent around the middle of its recent range. The index is calculated by subtracting dividend cuts from increased payments and expressing the result as a percentage of all payouts (including maintained payments).

The latest buoyant economic data came in the form of a Confederation of British Industry distributive trades survey. This showed that retailers were reporting better conditions than at any time since 1988, the height of the Lawson boom.

That helps only one sector of business, the consumer industries, although eventually increased demand in the high street feeds through to manufacturers. It might also cause alarm at the Bank of England, which has warned already of the possible need to increase rates to meet the government's inflation target.

This week's meeting between Kenneth Clarke, the chancellor of the Exchequer, and Eddie George, the Bank governor, seems to have passed without any change in rates being agreed. But, with an election looming, there is the possibility of a dispute between them before the end of this year. Investors will need to keep alert.

### Bid rumours lift the drug stocks



### Highlights of the week

FT-SE 100 Index	3892.0	+25.4	3917.7	3460.1	US interest rate fears abate
ASDA	10794	-14	122	94	Main target of Tesco in price war
Allied Domecq	477	-177	659	419	Upgrades following Carlsberg sale
Beech	782	-40	849	532	Fears of Carlsberg-Tetley merger to MMC
Blue Chip	3896	-12	3908	375	Profitable results
British Aerospace	10184	+236	10420	944	Eurofighter go-ahead
Knitwear	6824	-27	6851	441	Favourable figures expected
National Power	383	-19	402	375	Govt sells stake
Nurdin & Peacock	18974	+87	20254	1304	Agreed bid from Booker
Railtrack (LSE)	2894	-254	3148	275	US positive
Rolls-Royce	239	-11	249	149	New orders announced
Unilever	13316	-82	13397	1172	Reorganisation hopes
United News & Media	6824	-24	758	510	Reorganisation of Express newspapers
Vodafone	2294	-12	2282	203	NetWest "sell"
Zeneca	15774	-47	15821	1083	Bid speculation

## Barry Riley

### Europe's very own mini-Japan

But is the French economic performance really so bad?

**E**xcuse my franctois, but *le crachin* is not just the dubious gastronomic experience promised to us by the advertisements for French Golden Delicious apples. More importantly, it sums up the crisis facing the French economy.

To British eyes, this is by no means entirely unsatisfactory. The French, after all, appear to have been smirking at the UK's economic and financial problems for several years now, notably at the time of its humiliating exit from the European exchange rate mechanism four years ago. The collapse of sterling's value since then has meant that the British holidaymaker travelling in France has been able to buy only seven or eight francs for his pound rather than the nine or 10 he got before. This hurts British pride as well as British pockets.

Perhaps the rantabombs which appear regularly on the French political streets (these gangs of farmers, pensioners or workers are the necessary counterparts to the narrow clique of *émarchés* that governs the country) will now focus on domestic problems rather than on attacking British lambs or cows, or blocking British ferries. And if France misses the Maastricht budget deficit

celling for the single European currency - which looks inevitable - then no sympathy will be expressed in the UK by its own ugly mobs of anti-Emu protesters.

But this is no time for smugness or self-satisfaction. France is the UK's third-biggest trading partner and, to a large extent, its problems are also Britain's. This week, the French government revealed the economy had contracted by 0.4 per cent in the second quarter under the burden of high taxation and an uncompetitive exchange rate.

France is a kind of mini-Japan within Europe, its economy held back by a crippled financial system (sorely up expensively by the government) and its industry handicapped by an over-valued currency. In Japan, too, the mood has turned gloomy again after the sudden and unexpected surge of economic growth at the beginning of the year, although this largely reflected government spending.

At least the Japanese have been able to cut short term interest rates to a rock-bottom 0.5 per cent. But the French, having pegged their currency to the D-mark, have to wait on the Bundesbank and be grateful

for the 0.3 per cent reduction tossed to them at the end of August (French money market rates are now about 3.5 per cent).

If there are too many Japans and Frances around, the global economy as a whole must be slowed down. That is the curse of debt deflation, when the forces of credit and money growth are no longer acting powerfully to encourage economic expansion but resources have to be diverted to repay debt and rebuild the financial system.

On the other hand, is the French performance really so bad? Officials point out that there was positive growth of 0.7 per cent during the first half-year as a whole. That compares with 0.8 per cent in the UK.

Now, however, the UK is set to accelerate. But the difference is that the UK is being pumped up with personal tax reductions and rapid monetary growth - showing up in house prices,

for instance - while France is on something of a starvation diet.

A recovery needs encouragement. On Thursday, French prime minister Alain Juppé resorted to the tantalising promise of income tax cuts. By yesterday, though, it was clear that social security, alcohol and tobacco taxes will be going up.

Next year, says the French government, growth will be 2.3 per cent. Let us hope so. It must happen if the figures are to come out anywhere near right for the transition to the single currency. But perhaps the borrowing numbers can somehow be fudged. An asset shuffle involving France Telecom is said to be somewhere on the hidden agenda.

The greater danger to the Emu timetable is that the frustrations of the French grassroots will break out over social security, promises being broken, public spending being cut and unemployment running at 12 per cent (and more like 25 per cent among people under 25).

So far, the financial markets have lapped up the French commitment to the single currency. Within the past month, however, there have been nervous wobbles. The franc has weakened slightly against the D-Mark



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Offshore managed funds and UK managed funds are listed in Section One

مستعان الاصيل



FT MANAGED FUNDS SERVICE

Authorised and Insurances

FT Citybase Unit Trust Prices are available over the telephone. Call the FT Citybase Help Desk on (44 171) 673 4876 for more details.

Table of financial data for various fund managers including Aberdeen, Baring, and others. Columns include fund names, dates, and prices.

Table of financial data for various fund managers including Baring, British Widows, and others. Columns include fund names, dates, and prices.

Table of financial data for various fund managers including Citybase, Citybase, and others. Columns include fund names, dates, and prices.

OTHER UK UNIT TRUSTS

PROPERTY UNIT TRUSTS

OUR BEDROOMS HAVE MORE BED ROOM. Check into a Novotel and surprise yourself at just how big and comfortable our beds are...

INSURANCES

Table of insurance data including various life and property insurance policies with details on terms and rates.

Table of insurance data including various life and property insurance policies with details on terms and rates.



Insurances, Money Markets and Other

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4378 for more details.

Table listing various insurance and financial products, including Generali, Legal & General, and others, with columns for product names and prices.

Table listing insurance products from Mercury Life Assurance Co Ltd, Old Mutual Life Assurance Co Ltd, and Royal Liver Assurance - Corp.

Table listing insurance products from Scottish Provident Institution, Swiss Life (UK) PLC, and various other providers.

Table listing insurance products from Scottish Widows' Group, Standard Life Assurance Co Ltd, and others.

Table listing insurance products from Sun Alliance Group, The Prudential Assurance Co, and others.

Table listing insurance products from The Scottish Life Assurance Society, The Scottish Widows' Group, and others.

Table listing insurance products from The Sun Life Assurance Society, The Sun Life Assurance Society, and others.

Table listing insurance products from The Sun Life Assurance Society, The Sun Life Assurance Society, and others.

Money Market Trust Funds

Table listing Money Market Trust Funds with columns for fund names and prices.

Money Market Bank Accounts

Table listing Money Market Bank Accounts with columns for bank names and interest rates.

MANAGEMENT SERVICES

Table listing Management Services with columns for service names and prices.

معلومات الاصل







Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Main table containing financial data for various funds and insurance companies, including columns for fund names, prices, and performance metrics.

Handwritten Arabic text: 'معلومات الأصل'



FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 1773) 873 4378 for more details.

Table of fund prices and performance data, including columns for fund name, price, and change. Includes sections for 'Other Offshore Funds' and 'FT Cityline Unit Trust Prices'.

Table of fund prices and performance data, including columns for fund name, price, and change. Includes sections for 'Global Asset Management - Contd.', 'Global Asset Management - Contd.', and 'Global Asset Management - Contd.'.

Table of fund prices and performance data, including columns for fund name, price, and change. Includes sections for 'Global Asset Management - Contd.', 'Global Asset Management - Contd.', and 'Global Asset Management - Contd.'.

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MANAGED FUNDS NOTES: This section provides detailed information regarding the management of funds, including details on fees, charges, and the role of the fund manager.



Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

Table listing stock prices for various North American companies, including columns for company name, price, and change.

EUROPE

Table listing stock prices for various European companies, including columns for company name, price, and change.

ASIA

Table listing stock prices for various Asian companies, including columns for company name, price, and change.

AUSTRALIA

Table listing stock prices for various Australian companies, including columns for company name, price, and change.

SOUTH AMERICA

Table listing stock prices for various South American companies, including columns for company name, price, and change.

Advertisement for Rockwell, featuring the text 'By meeting customer needs, Rockwell has become a world leader in components and systems for cars, trucks and trailers.' and the Rockwell logo.

INDICES

Table showing various stock indices and their values, including columns for index name, value, and change.

US INDICES

Table showing US stock indices and their values, including columns for index name, value, and change.

AFRICA

Table listing stock prices for various African companies, including columns for company name, price, and change.

SOUTH AMERICA

Table listing stock prices for various South American companies, including columns for company name, price, and change.

INDEX FUTURES

Table showing index futures prices and their changes, including columns for index name, price, and change.

NEW YORK ACTIVE STOCKS

Table showing active stocks in New York, including columns for stock name, price, and change.

TRADING ACTIVITY

Table showing trading activity for various stocks, including columns for stock name, volume, and price.

MARKET SUMMARY

Table providing a summary of market performance, including columns for market name, value, and change.

Vertical text on the right edge of the page, including 'Dow Jones' and 'Bourses Rec'.

Handwritten Arabic text at the bottom center of the page.



WORLD STOCK MARKETS

AMERICA

Dow boosted by jobs data relief

Relief that August jobs data was broadly in line with analysts' expectations and a dip on the bond market helped put US shares on course to register their strongest gains of the week, writes Lisa Branson in New York.

noon, the technology-rich Nasdaq composite was 12.00 stronger at 1,137.56 and the Pacific Stock Exchange technology index had gained 1.6 per cent.

Elsewhere, B shares in Viacom added a gain of 3% to Thursday's rise of 32, bringing the shares to 336%.

reporting that same-store sales were flat in August.

The IPC index was 38.37 higher at 3,345.08.

Weary Seoul expects a shortlived respite

John Burton on the new foreign holding limit

The expansion of the foreign shareholding limit on October 1 may provide temporary relief to the Seoul bourse, which has been one of the worst performing markets in Asia this year.

content with disenchantment among some overseas institutional investors that their return on investment in Seoul has been disappointing during the last three years.

once interest rates start to fall, probably by early next year.

EUROPE

Bourses recover from intraday weakness

Senior bourses recovered strongly as Wall Street climbed after the US jobs data. PARIS saw an initial reaction which took the CAG-40 down by more than 15 points but at the close, the index stood at 2,004.75.

with the Dax index rising 10.19 to an all-time high of 2,542.74.

on speculation that it would refrain from launching a costly rescue package for Olivetti, whose shares remained suspended.

surprised to learn Deutsche Morgan Grenfell held up to 57 per cent of its stock in one of the three funds suspended temporarily earlier this week.

in Oslo, Sydedco lost NKRI to NK34 as Deutsche Bank said that neither it, nor Morgan Grenfell Asset Management, which together owned 51 per cent of the Norwegian software house, planned to take over the company.

THE WEEK'S CHANGES table with columns for Stock, % Change, and values for various European indices.

although worries remained about Olivetti's accounts which remained to be clarified.

AMSTERDAM reversed modest mid-session gains to end with the AEX index up 0.34 at 553.42.

STOCKHOLM saw a cautious day in Sintercast, down 166.88 to 21,295.89, in volume of 61.5m shares.

HONG KONG drifted to a lower close awaiting the day's US data although sharp falls in banking stocks.

ASIA PACIFIC

Nikkei falls on reports of early election

Reports of a possible parliamentary dissolution next month and the decline in US shares on Thursday depressed investor confidence and the Nikkei average fell 1.1 per cent, writes Erika Terazono in Tokyo.

could sell their share holdings in order to raise campaign funds.

Domestic institutions, meanwhile, went bargain hunting in electricals.

overnight fall on Wall Street and rising local bond yields.

THE WEEK'S CHANGES table for Asia Pacific with columns for Tokyo, Wellington, Hong Kong, Sydney, Bangkok, and % Change.

Reports that a lower house election could be held next month were denied by the prime minister, Mr Byutaro Hashimoto, but members of parliament have started to prepare for an election.

Domestic institutions, meanwhile, went bargain hunting in electricals.

overnight fall on Wall Street and rising local bond yields.

LONDON EQUITIES

LIFE EQUITY OPTIONS

Table of Life Equity Options with columns for Date, Call, Put, and various stock symbols.

RISKS AND FALLS

Table of Risks and Falls with columns for British Funds, Other Fixed Interest, and various stock symbols.

TRADITIONAL OPTIONS

Table of Traditional Options with columns for First Listings, Last Listings, and various stock symbols.

LONDON RECENT ISSUES: EQUITIES

Table of London Recent Issues: Equities with columns for Issue, Amt, Price, and various stock symbols.

RIGHTS OFFERS

Table of Rights Offers with columns for Issue, Amount, Latest Price, and various stock symbols.

FINANCIAL TIMES EQUITY INDICES

Table of Financial Times Equity Indices with columns for FTSE 100, FTSE 250, and various stock symbols.

FTSE GOLD MINES INDEX

Table of FTSE Gold Mines Index with columns for Gold Mines Index, Gold, and various stock symbols.

TRADEPOINT EXCHANGE

Table of TradePoint Exchange with columns for Daily turnover, Volume, and various stock symbols.

FT/STP ACTUARIES WORLD INDICES

Large table of FT/STP Actuaries World Indices with columns for National Markets, US, and various stock symbols.







LONDON STOCK EXCHANGE

MARKET REPORT

Relief over US jobs sees UK equities rally

By Steve Thompson, UK Stock Market Editor

Predictions of turmoil spreading from the US to European markets in the wake of the latest monthly non-farm payroll report were confounded yesterday.

The FT-SE 100 index, down over 22 points when the non-farm payroll report was announced,

quickly dived to post a 30-point fall, before staging an equally impressive rally.

A subsequent strong start to the day by Wall Street, which was quickly into its stride and where the Dow Jones Industrial Average was up over 30 points shortly after the opening, was eagerly followed by dealers in London.

Gathering itself from the day's low point, down 30.4 at 8.56.8, Footsie moved steadily ahead and finished the day 5.8 higher on balance at 3,893.0.

Traders said that Footsie would have moved back through 3,900 if trading had carried on for a further 30 minutes.

Trading and performance in the second-line issues was much more subdued. At its worst the FT-SE Mid 250 index dropped back through the 4,400 level and was down 10.9 at 4,386.8. It later rallied to settle at the day's best, but still down 8.5 at 4,403.2.

Over a week which has seen UK shares see-saw, as the market responded to bursts of takeover speculation and fears of a big rise in US interest rates, the FT-SE 100 index has emerged with a 26.4 point rise while the Mid 250 has fallen 12.

Remarkably on the US payroll report and its impact on UK and

US markets, Mr Richard Jeffrey, economist at Charterhouse 71, the stockbroker, said the rise in new jobs had come within the expected market range and markets had already discounted all the bad news on that front.

Regarding the UK market, Mr Jeffrey said he still had 4,000 in his sights for Footsie. "September is traditionally a bad month for UK equities. I think September 1996 will prove the exception."

London's uneasy start to the day was partly because of Wall Street's overnight 40-point retreat and partly because of the absence of the much-rumoured pharmaceuticals mega-bid. Zeneca was

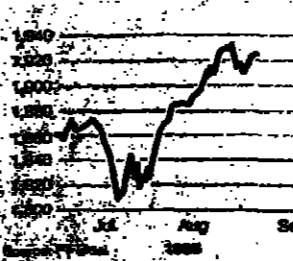
being touted late on Thursday as a potential target for every drug company across the globe.

But dealers remain convinced that at least one big Footsie deal is being prepared.

"The stories in the market suggest there is much burning of the midnight oil around the City's corporate finance departments," said one.

There were two small bids yesterday, a £22m Swiss bid for Neotronics and an agreed £68m bid for Court Cavendish, the home care group, from Takara.

FT-SE All-Share Index



Equity shares traded

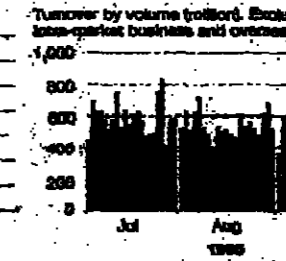


Table with 2 columns: Index and Ratio, and 2 columns: Value and Change.

Table with 2 columns: Index and Value, and 2 columns: Change and High/Low.

TRADING VOLUME IN MAJOR STOCKS

Table listing trading volume for various major stocks like AstraZeneca, BHP, etc.

EQUITY FUTURES AND OPTIONS TRADING

The strong performance on Wall Street helped the derivatives sector in London bounce from an early retreat, writes Joel Kibezzo.

In futures, the September contract on the FT-SE 100, having opened firmly at 3,875, was soon at the mercy of concerted selling that drove it to a low of 3,852.

The revival in the contract's fortunes followed the publication of US employment data.

September touched a high of 3,909 before closing at 3,905, up 15 on its previous close. Volume was 17,135 lots.

Turnover in traded options was a modest 24,234 lots, of which 11,114 lots were traded in the FT-SE 100 option and 5,119 lots in the Euro FT-SE option.

Rolls-Royce was the busiest stock option, with 1,035 lots done. Kingfisher and Williams Holdings were the other active options.

Table for FT-SE 100 INDEX FUTURES (LFFS) with columns for Open, Sell price, Change, High, Low, etc.

Table for FT-SE 100 INDEX OPTION (LFFS) with columns for Sep, Oct, Nov, Dec.

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Heavy trading in Lucas

By Joel Kibezzo and Lisa Wood

Components group Lucas Industries, whose merger with US company Verity became effective yesterday,

turning the group into LucasVarity, was one of the day's big market features.

Salomon Brothers, which has been holding marketing presentations ahead of the merger, was the biggest

dealer in the stock. The broker bought Verity stock overnight on Thursday in the US and "broke the ADR (American depository receipt)" by passing the

stock to a variety of UK institutions yesterday. The buying and selling were both done at 225p a share. Turnover in Lucas Industries, which ceased trading just before 2.30pm, closed at 24m, the newly merged deal.

Shares in the former firm finished up 7 at 235p, while LucasVarity shares ended 5 up at 23p.

NatWest Securities, the stockbroker, is said to have purchased in a 27p a share target for the stock.

Independent merchant banking group Schroders was the worst performer in the Footsie after reporting first half figures just below some overly-optimistic expectations. Cautious comments about the outlook for the second half, together with general profit-taking following a sharp rise earlier in the week, also played a part in the day's retreat.

The non-voting shares fell 45 to 108p, while the ordinary shares surrendered 54 to 138p.

BSW downgraded its full year profits estimate by £10m to £240m following the figures. However, it remains positive on the stock and is particularly pleased with the high quality of earnings from the group's fund man-

agement business. The investment bank has set a 150p target for the stock.

Bass worries

Continuing uncertainty over whether Bass's acquisition of the majority of Carlsberg-Tetley will be returned to the Monopolies and Mergers Commission cast a shadow over the brewing sector.

A number of analysts have been saying that the deal could be positive for wholesale beer prices. Should it be blocked, the prospects for improved margins are reduced.

One analyst said that he could not recommend a number of brewing stocks at the moment because of the uncertainty and he hoped the OFT would make a swift decision.

Bass - on which there was a substantial put option purchase at 75p earlier in the week - fell 9 to 792p, while Scottish & Newcastle, a main competitor, fell 5% to 677p.

John Wetherspoon, which planned analysts earlier this week with its final results, climbed 37p to 1027p to become the second best performer in the FT-SE Mid 250.

Kleinwort Benson reiterated its "buy" stance and upgraded its forecast from £18.2m to £18.2m in 1997 and from £21.4m to £25.7m the following year.

Grand Metropolitan climbed 12 to 485p after positive media comment about its restructuring and good results from Seagram, the Canadian drinks group.

Volant movements in the food retailing sector continued, with J Sainsbury advancing 3% to 304p. Analysts said the sector attracted bargain hunters.

Tesco's new price initiative begins on Monday and analysts said that the response of its competitors, particularly Asda, would be of keen interest. Credit Lyonnais Laing reduced its "buy" stance on Tesco and said it had no hesitation in raising group forecasts by £12m. It said that Tesco's promotion was a sign of strength, not weakness.

Schroders easier

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CHIEF PRICE CHANGES YESTERDAY

Table listing price changes for various companies like AstraZeneca, BHP, etc.

NEW 52 WEEK HIGHS AND LOWS

Table listing 52 week high and low prices for various companies.

FT-SE Actuaries Share Indices

Table showing FT-SE Actuaries Share Indices for various sectors.

The UK Series

Table showing UK Series indices for various sectors.

FT-SE Actuaries All-Share

Table showing FT-SE Actuaries All-Share indices for various sectors.

Hourly movements

Table showing hourly movements for various stocks.

FT-SE Actuaries 150 Industry baskets

Table showing FT-SE Actuaries 150 Industry baskets for various sectors.

Hourly movements

Table showing hourly movements for various stocks.

FT-SE Actuaries 150 Industry baskets

Table showing FT-SE Actuaries 150 Industry baskets for various sectors.

OPEN FACILITY

Table listing companies and their share prices under the Open Facility.

THE ALL ENGLAND LAWN TENNIS GROUND plc ("Company")

£2,000 nominal debentures 1996/2000 Series ("Centre Court Debentures")

£500 nominal debentures 1997/2001 Series ("No.1 Court Debentures")

Petroleum Argus Oil Market Guides

Petroleum Argus







LONDON SHARE SERVICE

BUY TRUSTS SPLIT CAPITAL - Cont.

Table listing various buy trusts split capital with columns for company name, price, and other financial metrics.

LEISURE & HOTELS - Cont.

Table listing leisure and hotels companies with columns for company name, price, and other financial metrics.

PAPER, PACKAGING & PRINTING - Cont.

Table listing paper, packaging and printing companies with columns for company name, price, and other financial metrics.

RETAILERS, FOOD

Table listing retailers and food companies with columns for company name, price, and other financial metrics.

TELECOMMUNICATIONS - Cont.

Table listing telecommunications companies with columns for company name, price, and other financial metrics.

AIM - Cont.

Table listing companies on the Alternative Investment Market (AIM) with columns for company name, price, and other financial metrics.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for company name, price, and other financial metrics.

LIFE ASSURANCE

Table listing life assurance companies with columns for company name, price, and other financial metrics.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for company name, price, and other financial metrics.

RETAILERS, GENERAL

Table listing general retailers with columns for company name, price, and other financial metrics.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for company name, price, and other financial metrics.

AMERICANS

Table listing American companies with columns for company name, price, and other financial metrics.

INVESTMENT COMPANIES

Table listing investment companies with columns for company name, price, and other financial metrics.

MEDIA

Table listing media companies with columns for company name, price, and other financial metrics.

PROPERTY

Table listing property companies with columns for company name, price, and other financial metrics.

SUPPORT SERVICES

Table listing support services companies with columns for company name, price, and other financial metrics.

TOBACCO

Table listing tobacco companies with columns for company name, price, and other financial metrics.

CANADIANS

Table listing Canadian companies with columns for company name, price, and other financial metrics.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for company name, price, and other financial metrics.

PROPERTY - Cont.

Table listing property companies (continued) with columns for company name, price, and other financial metrics.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued) with columns for company name, price, and other financial metrics.

WATER

Table listing water companies with columns for company name, price, and other financial metrics.

TRANSPORT

Table listing transport companies with columns for company name, price, and other financial metrics.

SOUTH AFRICANS

Table listing South African companies with columns for company name, price, and other financial metrics.

LEISURE & HOTELS

Table listing leisure and hotels companies with columns for company name, price, and other financial metrics.

OTHER FINANCIAL

Table listing other financial companies with columns for company name, price, and other financial metrics.

PROPERTY - Cont.

Table listing property companies (continued) with columns for company name, price, and other financial metrics.

SUPPORT SERVICES - Cont.

Table listing support services companies (continued) with columns for company name, price, and other financial metrics.

AIM

Table listing companies on the Alternative Investment Market (AIM) with columns for company name, price, and other financial metrics.

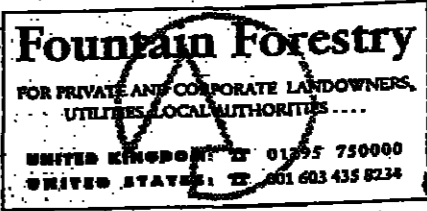
PAPER, PACKAGING & PRINTING

Table listing paper, packaging and printing companies with columns for company name, price, and other financial metrics.

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## Spain admits legal gap in currency regulation

By Clay Harris in London

Spain has a "legal gap" in dealing with companies offering high-risk currency investments to private investors, the country's financial regulator has admitted.

The schemes invite investors to undertake heavily leveraged trades on foreign exchange markets - typically 20 to 50 times their initial deposit. Many investors lose most or all of their money in a short time, according to police who have investigated their activities in several countries.

Spain's attraction as a base for such businesses has increased as other European countries, especially the UK and Denmark, have tightened their regulatory grip on the sector.

Wealthy expatriates in Spain have always been prime targets for such companies. But new entrants to the country are directing their pitches internationally, especially to Scandinavia, the UK and other countries in northern Europe.

Laurion, a Hamburg-based company active in promoting such investments throughout

Europe, has opened an office in Barcelona to which recipients of its direct mailshots are invited to apply. Laurion has links with Nordex Denmark, a currency company raided by Danish police last week.

The Comisión Nacional del Mercado de Valores, Spain's financial regulatory agency, said this week the country had no specific regulation or authority in charge of controlling foreign exchange contracts offered by non-registered entities. The CNMV had taken out advertisements in 1993 to warn against *chiringuitos*, or "kiosks". Since then, the agency had started administrative proceedings and taken sanctions against seven companies which had no licenses. Police had been sent information about fraudulent operations for another four or five companies.

"These were the cases in which it was possible to demonstrate the actual execution of the operations after exhaustive investigation," the CNMV said. "In other cases, the principals and employees of the companies involved immediately disappeared. In many

cases, we found them again, running the same operations under different companies."

The agency continued: "Frankly, we have a legal gap and, consequently, we haven't enough instruments to avoid these fraudulent operations."

The police and regulatory tightening elsewhere in Europe - the UK Serious Fraud Office raided three companies in July in addition to the Danish move against Nordex - has increased Spain's need to monitor new entrants to its market.

Laurion is connected with Nordex at least through Mr Garret Martin Bell, Nordex's Copenhagen manager who is also subject to an Isle of Man injunction related to Laurion.

## French private pensions

Continued from Page 1

butions. The new measures will substantially widen the scope of top-up pensions to include all employees.

The action could lead to an intense struggle between banks, insurance companies and other financial institutions keen to manage the substantial sums that might be invested in the new funds.

Ms Nicole Notat, head of the moderate CDFD trade union, said there was "no question" of leaving the insurance companies to manage the assets, stressing that individuals should have the right to control the funds.

Mr Arthuis also confirmed the government would receive nearly FF38bn (\$7.4bn) in payments from France Télé-

com next year, which could allow it to meet its budget reduction targets necessary to achieve monetary union.

He said the money - which represents pension fund assets for France Télécom employees - could be offset against the 1997 budget deficit. Such an accounting move helps compensate for the sluggish rate of growth which threatens to keep France above its Maastricht treaty targets.

Economists who dismissed the impact of the tax cuts said the France Télécom money could be sufficient to allow France to be near its target deficit of 3 per cent of gross domestic product for 1997.

There has been scepticism about France's ability to reach the target at a time of sluggish growth.

## Canal Plus merger plan

Continued from Page 1

committed shareholder, markets that can be developed, and excellent management and programming expertise," Mr Rupert said.

Canal Plus, which will remain the name of the combined group, will add three new board members as a result of the acquisition.

Under the deal, agreed in principle yesterday, NetHold will transfer its operations outside continental Europe - in South Africa, the Middle East, Greece and Cyprus - to MIH.

Canal Plus will then acquire 100 per cent of NetHold's remaining capital from Riche-

mont and MIH in exchange for 6.1m new Canal Plus shares and a cash payment of \$45m - a total worth about \$1.5bn.

As a result of the share issue, Richemont and MIH will own 15 per cent and 5 per cent respectively of Canal Plus.

Mr Pierre Lescure, chairman of Canal Plus, said the growth potential of the new group was phenomenal.

"The combination of relatively immature pay-TV markets where NetHold is present and the introduction of digital TV offers superb opportunities both to increase our subscribers and to distribute our programming across a wider territory," Mr Lescure said.

## Taiwan lawmaker is triad's spiritual leader

By Laura Tyson in Taipei

A member of Taiwan's national legislature has admitted he is the "spiritual head" of the Heavenly Path Alliance, one of the country's biggest triads, or gangs.

After a government crackdown on organised crime, Mr Lo Fu-chu, an independent member of the legislature, said the gang regarded him as its leader because of his "age and experience", but he denied he was the day-to-day boss.

The unprecedented admission, broadcast on television, confirms widespread speculation linking Mr Lo with Taiwan's triads.

The fact that Mr Lo chose to reveal his gangland connections is both a reflection of his self-confidence - members of the legislature enjoy virtual immunity from arrest and prosecution while in office - and a sign of just how powerful he and the underworld have become in Taiwan.

The revelation came as police authorities launched a national sweep on organised crime which has netted dozens of known gangsters since last weekend. Among those apprehended was Mr Tsai Kuan-tsun, reputed boss of the Four Seas Gang, the island's second-biggest triad.

Mr Tsai, who runs a legitimate construction business, was arrested along with his mistress, wife and a number of associates and charged with ordering murders and possession of drugs and weapons. He has twice tried to get elected to the legislature but failed.

In June, the National Police Administration identified 126 major gangs with combined membership of 5,600 members across the island.

The crackdown was undertaken in the wake of a spate of triad-inspired corruption cases and violent attacks on critics of the gang.

But government critics said the crackdown would be meaningless unless alleged gangsters who have "laundered" their reputations by being elected to public office are also targeted.

Mr Liao Hsueh-kuang, another independent lawmaker from Taipei county, on Monday demanded the government sweep away gang-tainted politicians. Identifying five fellow lawmakers by name and accusing 25 others of having gangland backing, Mr Liao said: "If a big boss like Lo Fu-chu is not arrested, any crackdown on triads is phoney."

Last month, Mr Liao was abducted from his home and abandoned in a dog cage in a wooded mountain area.

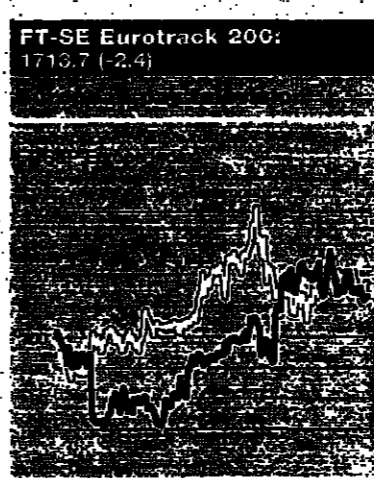
### THE LEX COLUMN

## Canal Plus plus

Yesterday's \$7bn merger between France's Canal Plus and NetHold of the Netherlands looks less like the emergence of a ferocious predator in European pay-television than the huddling together of two potential victims. Canal Plus has found itself outmanoeuvred by Mr Rupert Murdoch and Mr Leo Kirch, the Bavarian mogul, in this year's elaborate battle to carve up the German pay-TV market. Meanwhile, NetHold has looked too weak to defend its patch - Benelux and Scandinavia.

Harding together may help keep the wolf from the door. Canal Plus's debt-free balance sheet and profits will be able to cover NetHold's start-up losses; and may even deter rivals from invading its territory. If so, the merger will hasten the carve-up of western Europe into regional pay-TV monopolies: of the big countries, only Spain will remain a battleground. There may also be some cost savings in joining forces, but it would be a mistake to exaggerate these. Economies of scale can bring down the cost of the "set-top boxes" needed to receive pay-TV; but first, Canal Plus and NetHold will have to make their different boxes compatible.

From the sketchy figures available, it is hard to say which company has the better end of the bargain. NetHold shareholders only get 20 per cent of the combined group in exchange for providing 23 per cent of the subscribers. Still, that may not be bad given that NetHold lost \$180m last year and is not expected to break even until 1999.



enjoying salaries many times larger than their German colleagues. So far, Mr Dobson has been able to ride out the inevitable grumbling this has provoked. But now - with Deutsche Bank suffering damage to its reputation and a financial hit - there must be a risk that the reins will be tightened. Mr Rolf Breuer, the Deutsche director in charge of asset management, has already said that responsibility for the UK unit trusts may be moved to Frankfurt. He has also pointed out that more discipline is needed (not just in the fund management side) and that having stars is inherently risky. None of this yet amounts to a backlash. But it does underline the delicate task at the heart of the whole DMG project - marrying Anglo-Saxon wheeler-dealer culture to deep Teutonic pockets.

Just as competitive activity was shifting towards service rather than price, and inflation was creeping back on to supermarket shelves, Tesco has ended the ceasefire. Investors have so far been unperturbed by Tesco's decision to offer a lowest price guarantee on 600 basic product lines, but they should not be. Unlike previous skirmishes on baked bean and banana prices, this is an open-ended and broadly based pricing strategy. And it is happening at a time when Asda is still vowing its commitment to offering lower prices than everyone else. This is a dangerous combination, and the rest of the retail pack will have to follow. The attempts by J. Sainsbury and Tesco to build overseas retail businesses look increasingly sensible.

### Nursing homes

The £250m merger of Takare and Court Cavendish, two UK nursing home operators, signals the resuscitation of an industry that has spent three years on its sickbed. Given an ageing population, high margins and relatively secure income streams, nursing homes should be a great business. But overexpansion by aggressive private operators, like Thorne, has created overcapacity at a time when changes in government legislation have extended the time it takes to fill a new home. As a result, returns and share prices have suffered. Takare has underperformed the stock market by 50 per cent since 1994.

Consolidation is the logical response. With the shares of many nursing home groups now trading at or below net asset value, it is cheaper to buy homes than to build them, especially as the acquired beds are already full. Moreover, a larger group should reap cost savings, thereby boosting margins. More importantly in this deal, the all-share merger preserves a strong balance sheet, enabling further acquisitions without recourse to fresh equity. And the group plans to make existing assets sweat harder by adding extra services, such as day surgeries.

There will be hiccups - a hostile bid for Goldsborough, another operator, failed earlier this year. But consolidation is in its infancy - the enlarged Takare will have just 2% per cent of the market. This combination of decent underlying growth and a new focus on shareholder value should prompt investors to take a fresh look at the sector.

### Morgan Grenfell

Mr Michael Dobson, Deutsche Morgan Grenfell's chief executive, will need all his undoubted charm in coming weeks. Not only must he convince UK investors that Morgan Grenfell is a competent fund manager, following the scandal unearthing at several of its unit trusts; he also needs to reassure fellow Deutsche Bank directors in Frankfurt that the ambitious strategy for building DMG into a world-class investment bank is still on track.

To date, Mr Dobson has been able to act with little interference from Frankfurt. DMG has been based in London on the theory that the slow-moving culture of a German clearing bank is not suited to the fast pace of financial markets. Star bankers, analysts and traders have been poached from rival firms -

### Safeway/BP

Safeway has come up with a neat way of side-stopping price wars in petrol station forecourts and supermarket aisles, while avoiding the problems of getting planning permission for superstores. Its joint venture with BP allows it to cherry pick from the oil company's 2,000 service stations, gaining well placed sites for constructing small stores. And these forecourt stores will be competing with independent retailers and smaller retail chains, so margins should be better than in its superstores. The deal also represents a sensible, if belated, admission by BP that retailing is not a core competence.

Safeway has every reason to look for new profit sources, since life on the front lines of the food retail industry looks increasingly grim.

## Morgan Grenfell

Continued from Page 1

and regulators are continuing to investigate links between Mr Young and a company called Russ Oil & Trading, both named as defendants in an injunction taken out this week.

They are also inquiring into the personal banking arrangements which Mr Young, who recently acquired a £450,000 (\$700,000) house in the UK, had with a Morgan Grenfell subsidiary in Jersey.

Morgan Grenfell suspended Mr Young's European Growth Trust and the two other investment funds, together holding about £1.4bn in retail savings, after discovering they contained investments in shell companies with no real businesses.

Deutsche Bank, the ultimate parent of Morgan Grenfell, has injected £180m to keep the funds afloat and to meet withdrawals by retail investors, which had mounted to £148m by last night.

But the Investment Management Regulatory Organisation, which regulates MGAM and is investigating the three, has insisted on the appointment of an unnamed accountancy firm to calculate a further payment to investors.

The calculations will depend on the timing of an investor's entry into the three funds, but European Growth Trust alone has dropped in value by about £150m since Morgan Grenfell first had worries about its portfolio in April.

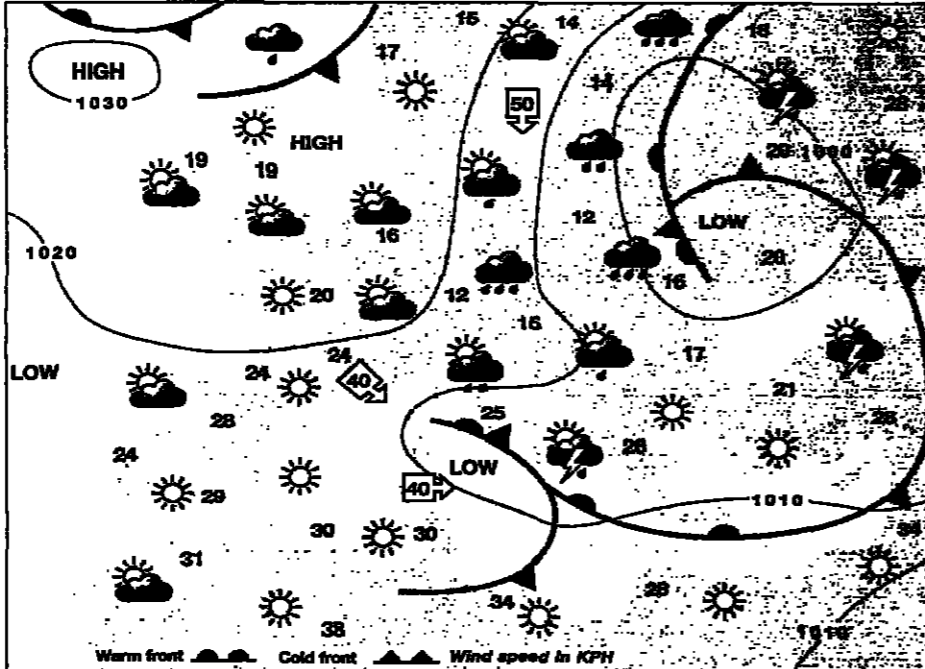
### FT WEATHER GUIDE

#### Europe today

High pressure will bring sunshine to most of western Europe. The Netherlands will have some cloud, but Belgium, France, Spain and Portugal will have widespread sunshine. Rain is expected in Austria and northern Italy, while southern Italy will have thunderstorms. A strong wind will blow from the north across south-eastern France, and winds will be fresh north of the Alps. The Balkan states will have showers, and the Black Sea area will have some thunder. The southern Mediterranean will be sunny.

#### Five-day forecast

A low pressure system will move from the north, bringing colder air, showers and near gale force winds into northern Europe by next week. France and Spain will be mainly sunny and dry, although thundery showers will develop over eastern Spain.



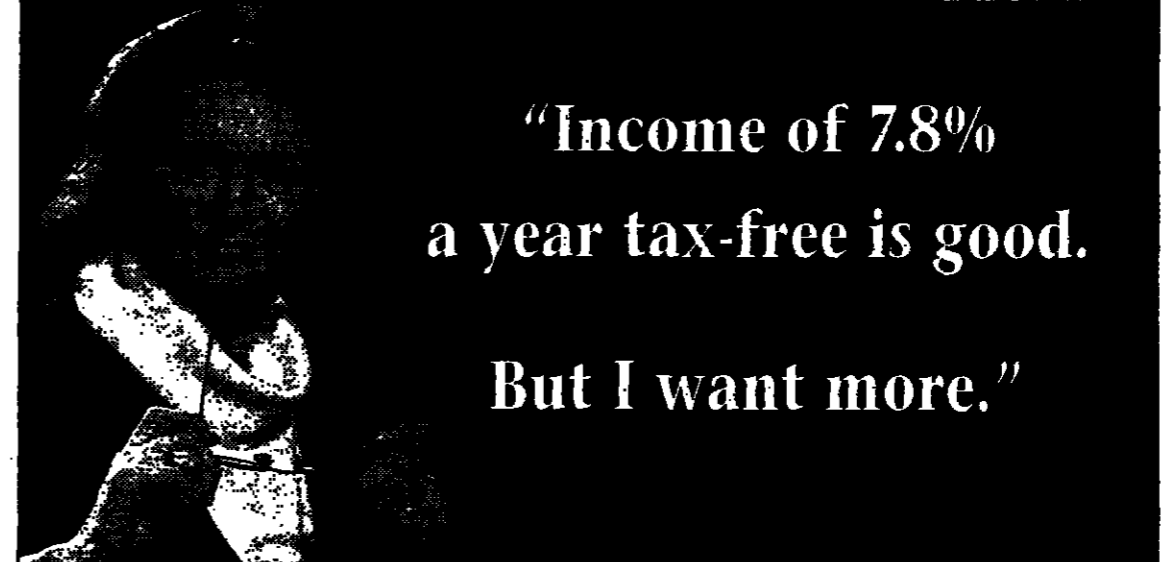
#### TODAY'S TEMPERATURES

Maximum	Beijing	cloudy 27	Caracas	sun 25	Faro	sun 25	Madrid	sun 28	Rangoon	fair 33
Minimum	Cairo	sun 19	Cardiff	sun 19	Frankfurt	sun 17	Malorca	sun 27	Raykjavik	rain 11
	Colonia	sun 19	Cardiff	sun 19	Frankfurt	sun 17	Malorca	sun 27	Raykjavik	rain 11
	Belgrade	sun 19	Cardiff	sun 19	Frankfurt	sun 17	Malorca	sun 27	Raykjavik	rain 11
	Belgrade	sun 19	Cardiff	sun 19	Frankfurt	sun 17	Malorca	sun 27	Raykjavik	rain 11
	Belgrade	sun 19	Cardiff	sun 19	Frankfurt	sun 17	Malorca	sun 27	Raykjavik	rain 11

#### Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

cloudy 27	Caracas	sun 25	Faro	sun 25	Madrid	sun 28	Rangoon	fair 33
sun 19	Cardiff	sun 19	Frankfurt	sun 17	Malorca	sun 27	Raykjavik	rain 11
showers 14	Casablanca	fair 27	Geneva	fair 18	Malta	sun 28	Rio	thund 26
showers 25	Sevin	showers 27	Gibraltar	sun 27	Manchester	sun 28	Rome	thund 25
showers 30	Cologne	sun 16	Glasgow	sun 20	Marseille	thund 32	S. Francisco	sun 24
cloudy 20	Dakar	cloudy 20	Hamburg	fair 15	Melbourne	showers 18	Seoul	sun 27
sun 26	Bombay	fair 33	Helsinki	fair 13	Mexico City	fair 28	Singapore	thund 30
sun 32	Brussels	sun 17	Hong Kong	sun 21	Miami	sun 28	Stockholm	fair 15
sun 18	Budapest	showers 14	Honolulu	thund 32	Milan	sun 20	Strasbourg	fair 18
fair 19	Chagan	sun 18	Istanbul	cloudy 21	Montreal	rain 22	Sydney	fair 21
thund 35	Cairo	sun 36	Jakarta	thund 21	Moscow	rain 18	Taipei	fair 27
sun 26	Cape Town	fair 17	Jersey	sun 18	Nairobi	sun 12	Tel Aviv	fair 24
			Karachi	fair 25	Nairobi	fair 27	Tokyo	cloudy 28
			Kuala Lumpur	sun 41	Naples	thund 28	Toronto	rain 21
			L. Angeles	sun 26	Nassau	thund 32	Vancouver	showers 20
			L. Palmas	sun 25	New York	thund 26	Vernon	showers 21
			Lima	cloudy 18	Nice	sun 24	Vienna	rain 14
			Lisbon	sun 24	Nicosia	sun 30	Warsaw	rain 12
			London	fair 20	Osaka	sun 17	Washington	cloudy 30
			Luxemburg	sun 15	Paris	sun 20	Wellington	rain 12
			Lyon	sun 19	Perth	fair 21	Whangpoo	fair 23
			Madrid	sun 25	Prague	rain 11	Zurich	fair 18

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